



Danish Insurance Association

**FINANCIAL LITERACY
AND TRANSPARENCY
INITIATIVES AND TOOLS
IN LIFE AND PENSIONS**

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**TOWERS
PERRIN**



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REPORT AND ANALYSIS OF FINANCIAL LITERACY AND TRANSPARENCY

Forsikring & Pension (The Danish Insurance Association - "DIA") is the trade association of non-life and life insurance companies and multi-employer pension funds in Denmark.

The DIA recognises the importance of financial literacy and transparency as key components in the proper functioning of a vibrant and healthy pension and life insurance market. However, the issues involved in increasing financial literacy and transparency are complex.

The DIA is aware that other countries are facing similar challenges and is interested in understanding the initiatives being pursued in other countries with a view to seeing what lessons can be learned for its own approach.

To do so, the DIA has engaged the insurance consulting business of Towers Perrin to assist in analysing the approach to promote financial literacy and transparency in selected markets. Towers Perrin is a global professional services organisation that helps organisations improve performance through effective people, risk and financial management.

This report sets out the background, methodology and analysis of the results of the study. The study was undertaken jointly between the DIA and Towers Perrin and we have worked together to produce this report.

We hope you find the report informative. Comments can be addressed to the DIA using Forsikring & Pension, Amaliegade 10, 1256 København K or fp@forsikringogpension.dk

Yours sincerely



Danish Insurance Association



Towers Perrin

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1. INTRODUCTION

For most consumers, pension provision is likely to be the most significant component of their savings over their working lifetime. However various surveys indicate that it is often difficult to engage consumers on such issues. One reason for this may be the complex structure of the pension system itself with many consumers expecting to receive pension income from a number of different sources both state and private.

In response to this, Forsikring & Pension (the Danish Insurance Association or “DIA”) has developed a number of tools and initiatives for both the state pension and private pensions (note that the members of the DIA include both providers of workplace pensions (Pillar 2) and individual pensions (Pillar 3)). These initiatives have created better opportunities for the consumers to increase their knowledge of pensions. However, it seems that despite this, the general level of knowledge and literacy among consumers and the general public on pensions in Denmark is not yet satisfactory and that further work may be required. One of the main challenges appears to be to make consumers more interested in increasing their knowledge on these matters.

The DIA is aware that other countries are facing similar challenges to increase pensions knowledge and recognises that countries may have adopted different strategies to improve financial literacy and transparency in their markets. The DIA is interested in understanding the initiatives being pursued in other countries with a view to improving its own approach to financial literacy and transparency, as well as to promoting knowledge exchange between countries.

The countries that the DIA was interested to include in this study are the UK, the Netherlands, Sweden, Norway and Germany. These countries are either close neighbours of Denmark and therefore perhaps can be expected to have similar trends or, as in the case of the UK and Netherlands, there is a substantial reliance on workplace pensions similar to Denmark. To analyse each of these markets, the DIA decided to carry out a comparative analysis of initiatives of financial literacy and transparency in the insurance and pensions industry.

For that purpose, the DIA has commissioned a survey of the work being done in various markets and has engaged the insurance consulting business of Towers Perrin to assist in

the analysis. The work has been conducted through a series of structured questionnaires, desk research and face to face interviews with participants from the various markets.

This report sets out the background information, methodology and results of the analysis based on the information gathered from the various markets. Details of the approach used can be found in the guidance document for participants included in Appendix A.

The following took part in the survey:

- DE – German Insurance Association (“Gesamtverband der Deutschen Versicherungswirtschaft e.V.”)
- DK – Danish Insurance Association (“Forsikring & Pension”)
- DK – Danish Financial Supervisory Authority (“Finanstilsynet”)
- NL – Dutch Insurance Association (“Verbond van Verzekeraars”)
- NL – Ministry of Finance (“Ministerie van Financiën”)
- NO – Norwegian Financial Services Association (“Finansnaeringens Hovedorganisasjon”)
- SE – Swedish Insurance Federation (“Sveriges Försäkringsförbund”)
- UK - Association of British Insurers
- UK – Financial Services Authority
- UK – National Association of Pension Funds

2. EXECUTIVE SUMMARY

The pension environment in Europe is evolving with a trend towards reduced reliance on state benefits. This will place increasing demand on consumers to ensure that they have adequate financial resources (through employer schemes and / or personal provision) for retirement.

For consumers this will lead to greater demands in terms of financial literacy and access to suitable information. This issue is handled in different ways in different countries, and the aim of the study was to understand the different approaches used with a view to determining possible lessons for the Danish situation.

The study indicated that although countries are at different stages in reform of the pension system, there is a general trend towards initiatives and tools to empower consumers for improved decision making. This is discussed further in Section 5.

This work also indicated a number of best practices, which we summarise below (note: this is an extract of practices from a range of countries and the practices do not necessarily apply to any single country).

- **Clearly defined strategy:** Improving financial literacy and transparency is a major undertaking and requires a strategy with defined objectives, realistic short and medium term goals and associated project plans. Developing an effective strategy can take time as it will involve input from major stakeholders;
- **Co-ordination and ownership of stakeholders:** Stakeholders include government bodies, trade associations, pension providers, consumer organisations, social partners. No single stakeholder can achieve all the goals and objectives of a financial literacy and transparency strategy. The division of labour and multi-partnerships between different stakeholders is a theme for achieving maximum effectiveness. Co-ordinated initiatives are also likely to be more effective;
- **Efficient allocation of resources:** Different stakeholders will have different resources and different relative advantages in the conception, development, delivery and maintenance of financial transparency and literacy initiatives. A co-ordinated

approach would allow tapping into each resource expertise. One such example would be using education experts in the development of educational tools;

- **Importance of education:** A critical element of a comprehensive strategy is the educational element which starts at the school level with teachers specifically trained on the subject. This is particularly important for countries where the pension system is changing and consumers cannot depend on traditional sources of information such as family members;
- **The importance of political support:** Political support provides a number of benefits. It can help raise the profile and awareness of the issue with consumers, contribute state resources to the activities and facilitate any structural changes that may be required, such as changes to the educational curriculum;
- **The importance of engaging the consumer:** Although there are many tools that provide information to the consumer, there is some movement towards tools which allow consumers to interact e.g. what if I retire early or what if I increase my contribution rate? These tools become increasingly powerful to the consumer if a personalised view of their circumstances can be incorporated;
- **Increasing the awareness of tools:** Tools and initiatives are only useful if the consumers are aware of them. Low interest among consumers creates barriers to improving financial literacy. In order to overcome the lack of interest and awareness, it is important that all channels are used as effectively as possible. This includes workplace forums, the internet and traditional media such as radio and television;
- **Simplicity and consistency of message:** From a consumer point of view it would be helpful if tools and initiatives conveyed information in a consistent manner. Ideally the message conveyed should be simple, succinct and appropriate to the target audience;
- **Appropriate level of resources:** Financial literacy and transparency programmes need to be supported by an appropriate budget with capital and resource commitments commensurate with the intended objectives of the overall strategy; and

- **Measuring effectiveness:** Financial literacy and transparency will be a long term project and the long term strategy will evolve over time. Measuring effectiveness of initiatives and tools is crucial to understand and learn from strategies that work well (and also those which do not) and to assist in the allocation of resources towards future work.

These emerging best practices are consistent with the work performed and the recommendations of other relevant bodies such as the European Commission and the OECD. These organisations have published a number of papers on best practice guidelines in the areas of financial education and the development of tools and initiatives. These guidelines are described in section 4 of this document.

2.1 Reference points for the Danish market

Denmark already has in place many of the emerging best practices described above. A number of tools have been developed which have established themselves as market leaders in Denmark. These tools are effective in *engaging with consumers* as they respond to information needs associated with specific major life events (in the case of "Dine behov" - "Your Pension Needs") or allow consumers to customize their own circumstances and to obtain appropriate information according to changes in circumstances (in "Pensionsmåleren" - "Pension Calculator"). A list of the initiatives and tools in all the markets surveyed is provided in Appendix D.

Another tool, "PensionsInfo" represents a best practice in Europe on the provision of consolidated information on pension entitlements - offering information to consumers in a personalized, clear and comprehensive manner. This is an example of *consistency and simplicity of message*. In addition, by the end of 2008 virtually all Danish pension providers will be linked to PensionsInfo, testifying to the success of this tool. For tools such as PensionsInfo, the *effectiveness* against predetermined target levels of engagement is monitored.

Penge- og Pensionspanelet - the "Money and Pension Panel" is a *political* initiative established with the purpose of promoting consumers' interest and knowledge about financial products and services. However, it could be argued that the Money and Pension Panel does not fully explore the potential to *co-ordinate stakeholders*. In this regard,

more could be done to broaden partnerships by bringing in to financial literacy and transparency initiatives not only large central stakeholders but also local ones such as schools, consumer forums and clubs. This would also help improve the *efficiency of resources* by tapping into the expertise of other stakeholders.

Although the Danish market has developed a number of tools, there seems currently to be limited allocation of resources to the *promotion and marketing* of these tools to the consumer. This promotion could come from the driver of the individual tool or initiative or form part of a national co-ordinated strategy.

Denmark does not currently include financial literacy in the school curriculum. A greater investment in such *education* would be likely to lead to increasing financial literacy in the future, particularly if there were consistency in the development of transparency tools and the education programme.

Finally, any further work needs to be set in context of the *financial and other resources* available. We have not attempted to perform a cost benefit analysis or an analysis of how the potential costs should be allocated. However one would expect that the potential long term benefits of increased consumer literacy could be substantial, as not all consumers make sufficient provision for retirement. An increase in responsibility for planning for retirement would reduce the dependency on state finances in the future. Other potential benefits of better qualified consumers include increased market efficiency and better financial decision making by consumers in everyday life.

However any work aimed at lifting the general level of financial literacy will only be realistically possible if sufficient resources are made available now for investing in the various tools and initiatives.

2.2 Key observations from survey results

The results of the study based on a combination of survey results and interviews are set out in Section 5. We have analysed the results by major themes including:

- General landscape of the life and pensions environment;
- Major stakeholders and the level of co-ordination that exists;

- Availability of tools and information;
- Educational themes;
- Promotion and effectiveness of tools and initiatives; and
- Future challenges.

Some of the key observations from the study include:

- Many stakeholders seemed to think that there was a strategy in place for co-ordination of stakeholders, but as discussed in Section 5.2 there appears to be different levels of co-ordination and strategy in the markets that were examined.
- A relatively low level of priority is assigned to fundamental issues such as the provision of tools to assist in retirement planning and general and targeted education programmes. This is somewhat surprising as an improving consumer financial literacy environment will certainly require investment and interest by the key stakeholders in these areas.
- It is interesting to see the high level of interest on certain issues such as costs. This may be detrimental in the long term as it provides a very one-sided view on a complex problem where other parameters should also be of importance to the consumers.
- The analysis also indicates that, to date, much of the focus of governments, supervisors, regulators, trade associations, social partners and consumer organizations has been on providing general information to consumers. The internet has had a major influence on this as many of tools and initiatives are web based.
- Lack of interest from consumers is identified as a major challenge for all participants in the area of financial literacy. This may be exacerbated by certain subgroups within society where the culture of taking responsibility for one's own financial affairs is still to be developed. Going forward, this highlights the need to dedicate resources motivating consumers to engage on financial issues in addition to the development of the tools and initiatives.

- Finally, it is interesting to observe that most participants do not believe that there is any lack of information on pension systems, products and providers. This may indicate that some of the issues raised on transparency of products may be more to do with insufficient financial literacy to make use of the available tools and information.

3. THE CONSUMERS NEEDS AND INFORMATION

In this section we define what is meant by financial literacy and transparency in the context of this study. In addition we consider the point of view of the consumer and the likely financial literacy and information requirements that may be necessary as part of their decision making process.

3.1 Important background definitions

The introduction to the Communication from the European Commission on Financial Education dated 18 December 2007 was an important reference point for this study:

*"Financial education enables individuals to improve their understanding of financial products and concepts, and develop the skills necessary to improve their financial literacy; i.e. to be aware of financial risks and opportunities and to make informed decisions in their choice of financial services. It is a life-long issue. Financial education is a complement to measures aiming to ensure the appropriate provision of information, protection and advice to consumers. The sum of these policies contributes to empowering consumers to make the best decisions for their financial circumstances."*¹

For the purpose of this study we consider:

- **Financial literacy** to be the ability of the consumer to understand financial products and concepts. Financial literacy also entails that the consumer possesses the skills necessary to be aware of financial risks and opportunities and to make informed decisions in their choice of financial products and services.
- **Transparency** to be a characteristic of products, markets and systems. Transparency is derived by users being able to access relevant information in a timely manner. An appropriate provision of information to consumers and other users is a necessary requisite for transparency.

Financial literacy and transparency are interrelated as it requires a certain level of financial literacy for the consumer to make the most of transparency. A consumer has to be able to understand the information provided and to make sense of this information by

¹ In "Financial Services: Commission encourages better financial education for EU citizens", published by the EU Commission on 18 December 2007.

placing it in the right context in order for the information to create transparency on the market.

Underlying financial literacy and transparency are information and tools provided by stakeholders such as governments, supervisors / regulators, trade associations, consumer organisations, social partners and pension providers.

The focus of this study is financial literacy and transparency initiatives which are aimed at the public at large. Such initiatives typically have their origin in governments, supervisors, regulators, trade associations and consumer organisations rather than individual pension providers. We have not tried to examine the relationship between individual pension providers and their customers or members. This relationship is often contractual and regulated to a high degree by EU and / or national legislation, particularly in relation to the information to be provided to consumers from individual pension providers. This type of information usually reflects personalised and specific information for the consumer in areas such as costs and accrued benefits and is, of course, important to the consumer. However, as such communications tend to have a narrow focus on the individual, rather than the public at large, we have not generally included them in our work. The exceptions are certain examples described in Section 5, where participants have indicated areas of innovation in relation to how such information is communicated and presented to consumers.

For the purposes of this study, a clear categorisation of the different types of information that can be provided to the consumers is needed. We have therefore developed the following categories²:

- **General non-personalised information.** This includes general information and educational tools about the pension system, pension and life insurance products, providers and choices open to consumers. The aim is to foster general financial education and to raise awareness of financial risks and opportunities in the pension system.
- **General personalised information.** This includes more targeted information based on interaction with the consumer. This might include comparison tools for products

² See Appendix A – Guidance Document for further information

and providers as well as needs analysers which may tailor the output information based on age, sex, income and outgoings, level of savings, major life changes such as marriage, divorce or parenthood.

- **Specific personalised information.** Specific personalised information indicates that the information is based on or reflects the consumer's actual circumstances and is typically provided by the pension provider. This might include information on account balance, contributions, investment options, costs, cover, performance of individual portfolio etc. Often a consumer receives specific personalised information from a number of providers (state, various employers and personal pension provisions). These tend to be based on legislative requirements and are not the focus of this study.
- **Consolidated personalised information.** This is specific personalised information consolidated from various providers (state, various employers and personal pension provisions) to give the consumer an overview of their complete situation.

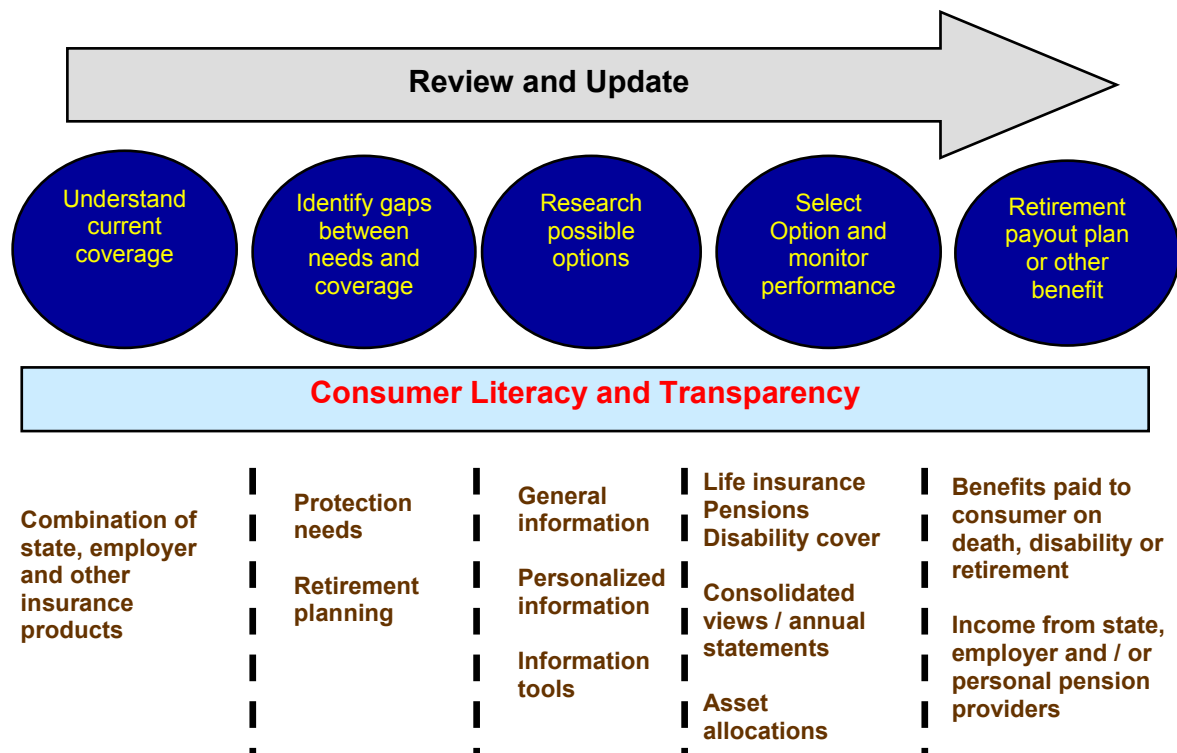
3.2 The consumer relationship

The underlying focus of this report is the consumer, by which we mean any person who has a current or prospective personal interest in pension provision. For most consumers, pension provision is likely to be the most significant component of their savings over their working lifetime. Pension products satisfy a specific need to provide for retirement and / or adverse events such as disability.

In order to identify, satisfy and monitor their needs, consumers will rely on information provided by various stakeholders such as the government, trade bodies, supervisors but also social partners who are often responsible for negotiating pensions for their members where work place pensions are negotiated on a collective basis (the Scandinavian countries and the Netherlands).

The consumers will also need to maintain a certain level of financial literacy in order to make decisions in relation to needs, products and changing circumstances. This process can be thought about in stages as shown in the following diagram.

THE CONSUMER RELATIONSHIP



From the standpoint of consumers, their relationship with life and pensions insurance products goes through stages:

- Understanding current coverage means researching state and employer entitlements and possible individual plans to understand the level of accrued benefits and likely benefits in the future. This would require a combination of general information on systems and entitlements and personal information on levels of accrual.
- Identification of gaps between the consumer's needs and current coverage. These gaps will be defined by an individual's own goals, personal choices, lifestyle and the current level of coverage with different providers described in the previous step. This step implies a certain level of financial literacy to enable the consumer to make his own individual assessment.

- Research to understand the options available in order to meet the gaps in the identified personal needs. There may be choices among different providers and products or different coverage options available within the framework decided by the social partners. This process would require tools such as calculators and information to allow the consumer to understand the implications of various choices.
- The consumer then needs to select the appropriate option in order to meet his individual goals. This might involve choices within mandatory systems and the purchase of additional products to fill in the gaps which have been identified. Purchase of specific products or coverage implies the need for easy accessible tools to allow the consumer to compare the various products in the market.

Following product selection, the consumer will need to monitor performance of the chosen option against personal goals and consider changes of circumstances due to life events such as marriage or parenthood. In order to monitor performance specific personalised information is required, but this is perhaps best facilitated by consolidated personalised information which provides an overview of the pension and insurance coverage and accrued benefits from different sources.

- Payout from the pension provider will typically be at the age of retirement in the form of a pension entitlement except in the cases of death or disability incidents. For consumers reaching the age of retirement, additional choices may be available.

In this framework, the consumer should have sufficient knowledge and access to information so as to understand financial products and concepts, as well as the skills necessary to make informed decisions on the choice of financial products and services. This highlights the need for tools and initiatives in order to satisfy the financial literacy and transparency requirements for the different stages of the consumer interaction.

The choices open to individual consumers will vary depending on the pension framework within a specific country. For example, there may be greater need for information on product disclosure and comparisons in a system which is heavily dependent on consumers making choices on individual pension providers (Pillar 3) than there is in a system that is based on state provision (Pillar 1). Moreover, in countries such as the UK where the consumer has the choice to contract out part of the state provision into a personal pension

(See Appendix C – UK country description) a greater level of financial literacy is likely to be required.

It might be expected that consumers' interest in financial literacy and transparency may depend on the extent to which they need to act on the information; the greater the choices for the consumer, the greater their interest in financial literacy and transparency so they can make decisions in their own best interest.

However, it could also be argued that consumers should have access to and understand basic information in areas such as needs, contributions and coverage regardless of the level of choice within the system. Such information allows consumers to make their own judgement on the adequacy of retirement provision and will, in any event, increase transparency and thereby stimulate efficient markets to the benefit of all consumers.

4. CONTEXT OF THE FINANCIAL LITERACY AND TRANSPARENCY PROJECT

In order to position this study in a relevant context, we consider how issues related to consumer financial literacy and transparency form building blocks as part of a wider framework. To do this we have considered other work which has been undertaken previously in this area.

In this section we cover the activities of the European Commission, the Organization of Economic Co-Operation and Development (OECD) and Danish stakeholders.

4.1 The European Commission

The objectives of the European Commission are amongst others to stimulate competition within the single EU market and ensure adequate consumer protection and information in all sectors, financial services included. The Commission has published a comprehensive White Paper on Financial Services and in April 2007 issued a Green Paper on Retail Financial Services in the Single Market.

The Commission's three objectives in the creation of a single market for financial services are shown in the following diagram.³

³ In "White Paper on Financial Services 2005-2012", European Commission.



It is clear that financial literacy and transparency is central if consumers are to derive maximum value from the progression in the financial services markets. Transparency will also foster more efficient markets with increased competition, resulting in benefits for consumers.

In addition, one of the key objectives outlined in the Green Paper is the stimulation of financial literacy, which is seen as critically important to the desired increase in competition and transparency in the EU financial sector. This is clearly evident from the following extract of the Green Paper: *“Developing consumers’ literacy in financial matters is becoming increasingly important, particularly as individuals take an increasing role in making decisions affecting their financial security and as capital markets become more accessible to consumers. Consumers with poor financial literacy find it hard to understand and make use of the information they receive when they purchase financial services, since information is generally prepared having average consumers in mind rather than those with lower levels of financial literacy.”*⁴

The results of the Green Paper Consultation were incorporated into the final report of the Single Market Review, published in November 2007. This document stated again the

⁴ In EU Green Paper on Retail Financial Services in the Single Market, 2007, page 15

importance of financial literacy: *“By educating and empowering consumers, for instance in the area of retail financial services, action at EU level can be a stimulus for productivity and efficiency”*⁵

In this context, the European Commission has carried out a comprehensive survey of more than 150 financial literacy and transparency surveys. The survey, which was published in September 2007 offers a comprehensive factual overview of financial literacy schemes in the EU, run on both a local and EU-wide perspective across the full spectrum of financial services products. The Commission plans to make an overview of the initiatives available in an on-line database.

Whilst considering financial literacy a matter for each member state, the Commission has in fact funded some financial literacy initiatives directly aimed at increasing both services competition and consumer protection. For example, in 2005-2006, the Commission funded the development of the DOLCETA program, an online training tool designed for use by adult education providers.⁶

In December 2007 the Commission published a communication on Financial Education. In this document the Commission emphasised the increasing importance of financial education and highlighted problems where individuals often overestimated their understanding of financial services, failed to plan ahead or chose products that did not meet their needs.

The Commission presents a number of principles for the provision of high quality financial schemes, including:

- Financial education should be available and actively promoted at all stages of life on a continuous basis.

⁵ In “A single market for 21st century Europe”, European Commission, 20/11/2007, page 5

⁶ Dolceta is the acronym for the *Development of Online Consumer Education Tools for Adults*. Between 2003 and 2006, universities, higher education institutes, consumer associations and other stakeholders in the 25 EU member states developed two web-based consumer education modules for adults. The Dolceta website (www.dolceta.eu) provides information, advice and training for consumers providing them the necessary skills to compare products and services on the market, decide on purchases and defend their rights as consumers. The European Commission is planning to launch shortly an extension of Dolceta to primary and secondary education in a new project designed to run for two years. The new project is designed to run for two years. It will complement the Europa Diary project, under which, in 2007, the Commission distributed more than two million copies of an education kit to 18,000 European schools to help teachers explain the basics of finance to their students.

- Financial education programmes should be carefully targeted to meet the specific needs of citizens. In order to achieve this aim, ex-ante research should be conducted on the current level of financial awareness on the part of citizens, to identify those issues that particularly need to be addressed. Programmes should be timely and easily accessible.
- Consumers should be educated in economic and financial matters as early as possible, beginning at school. National authorities should give consideration to making financial education a compulsory part of the school education curriculum.
- Financial education schemes should include general tools to raise awareness of the need to improve understanding of financial issues and risks.
- Financial education delivered by financial services providers should be supplied in a fair, transparent and unbiased manner. Care should be taken to ensure that it is always in the best interests of the consumer.
- Financial education trainers should be given the resources and appropriate training so as to be able to deliver financial education programmes successfully and confidently.
- National co-ordination between stakeholders should be promoted in order to achieve a clear definition of roles, facilitate sharing of experiences and rationalise and prioritise resources. International co-operation between providers should be enhanced to facilitate an exchange of best practices.
- Financial education providers should regularly evaluate and, where necessary, update the schemes they administer to bring them into line with best practices in the field.

In 2008, the Commission set up an Expert Group on Financial Education (“EGFE”). The main objective of the group is to share and promote best practices on financial education and to advise the Commission on various issues in relation to financial education in the EU. This non-binding advice will assist the Commission in proper implementation of the policy presented in the Communication on Financial Education referred to above.

In the Terms of Reference of the EGFE, the Commission states that rapidly evolving markets, innovation and growing complexity of financial services on offer place

significant demands on consumers trying to make informed and rational choices in their personal finance. Making difficult financial decisions is becoming an everyday reality for consumers.

In addition, following the publication of the study on financial literacy schemes in the EU, the Commission expert panel (Expert Forum of Financial Services Users) has published its paper on Financial Education in January 2008⁷. According to this paper, “*The challenge is to determine the extent of financial capability that an average consumer should be expected to have to be able to behave rationally in this complex market*”.

The panel also elaborated on best practices in the field of financial literacy and transparency schemes, considering some of the most important points regarding these schemes to be the following:

- Importance of effectiveness measurement: the need to monitor, control and evaluate the schemes and their results;
- The importance of knowing exactly the needs of target groups which the scheme intends to address;
- The importance of proper marketing and adequate financial resources in the schemes;
- Importance of training adequately the persons/ groups /stakeholders responsible for delivering the relevant tools and initiatives;
- Importance of co-operation between a series of stakeholders, especially if a scheme is intended at nationwide rollout.

4.2 Organisation for Economic Co-operation and Development

The OECD’s 2005 reference study “*Improving Financial Literacy: Analysis of Issues and Policies*” dealt with all 30 member countries⁸. The study analysed six financial literacy surveys for which there was detailed information on methodology, results, questions asked and target groups. It also described selected financial education programs dealing

⁷ In “Financial Education; changing to second gear: envisioning the way ahead”, FIN-USE, January 2008.

⁸ Improving Financial Literacy: Analysis of Issues and Policies was published by the OECD in November 2005.

with saving and investing for retirement and set a vision for best practice financial education programs.

In the report, the OECD concluded that financial literacy is low among consumers in OECD countries, especially among the less educated, minorities and those at the lower end of the income distribution. It stated that governments, regulators and providers should do more to address the gap in literacy in savings and investment choices of consumers.

In its efforts to improve financial literacy, the OECD started to recognize the importance of financial education: *“Financial education is important to both the security of individuals and the security of nations. Enlightened societies today strive to ensure social cohesion as an integral part of economic progress.”*

In 2005 the OECD issued the paper “Recommendation on Principles and Good Practices for Financial Education and Awareness” – setting principles and good practices for financial education in general and the role of financial institutions in financial education and financial education programs for retirement in particular. Some of the points raised in the paper include⁹:

- Financial education for retirement products should be encouraged generally, whether as part of the wider financial education effort or through distinct programmes. Such education programmes should be conducted in a coherent and transparent manner among main stakeholders;
- Financial education specifically related to retirement products should help to promote understanding of the changing retirement environment, the need for long-term savings and of investment products;
- Governments and other public authorities have a significant role to play in financial education programmes on pensions and should work to ensure that financial education relating to pensions begins as early as possible – potentially as part of school curricula;

⁹ For a complete list of OECD recommendations on good practices please see the OECD publication “Recommendations on Good Practices for Financial Education relating to Private Pensions”, 2005

- Trade unions, employer associations and pension fund associations, should contribute to financial education programmes, given their important role in negotiating pension plans and contracts;
- According to national circumstances, financial education initiatives relating to retirement products should make on-going efforts, inter alia, to develop methodologies and criteria to assess the needs of the population as regards financial literacy and capabilities with regard to retirement income issues, as well as the impact and effectiveness of existing programmes in this respect;
- Systematic evaluation of enforced measures and programmes aimed at enhancing financial literacy related to pensions should be done according to a set of predetermined criteria and involving a cost and benefit assessment;
- Financial education in relation to pensions should be made available through as many sources as possible (internet, brochures, advice bureaus, etc.), broad media coverage (e.g. radio, television, print journalism, billboard advertising and internet), and the organisation of events to raise awareness of pension issues and of the importance of financial education; and
- The development of various tools – including financial calculators – for estimating retirement income needs and savings requirements should be made easily available and should be promoted.

The publication of this document from the OECD led to the set-up of the International Gateway for Financial Education¹⁰ as a comprehensive repository of information, data and resources on financial education issues and programmes around the globe.

The OECD also states that transparent information and disclosure is the minimum requirement to increase consumer literacy. However, such information alone is not sufficient and work is also required in order to help consumers understand the information to which they have access.

¹⁰ See [www.http://www.oecd.org/pages/0,3417,en_39665975_39666038_1_1_1_1_1,00.html](http://www.oecd.org/pages/0,3417,en_39665975_39666038_1_1_1_1_1,00.html)

4.3 Danish Stakeholders

The Danish Insurance Association

The DIA has for three years worked to promote openness and transparency in pensions. This line of action is founded in the vision and strategy of the DIA. As the trade association for the pension (and insurance) sector in Denmark the DIA has the purpose to pave the way for the continuous development of the sector through a balanced political promotion of the interest of the sector.

The DIA has set itself three goals for the sector:

- to improve the reputation of the pension (and insurance) sector;
- to act openly and to maintain transparent products; and
- to maintain high standards for ethical behaviour in a strongly competitive environment.

In Denmark, private pension provision (especially workplace pensions) is becoming more important in the overall pension income for retirees. The funds accumulated by private pension providers are approximately 150% of GDP. As a result, the private pension sector bears an increasing responsibility for the welfare of present and future retirees. For these reasons, the DIA also feels a social responsibility to help increase the consumers' overall understanding and stimulate their active involvement in Danish pensions.

To achieve the three goals for the sector, the DIA launched in 2006, an eighteen point plan to increase openness and transparency for the consumers. This plan entailed eighteen different initiatives aimed at giving consumers a better insight into the insurance and pension sectors in general and an improved understanding of their own insurance and pension situation in particular.¹¹ All evidence suggests that the more the consumers understand their pensions the more they value them.

Among the eighteen initiatives were a number of tools aimed at increasing financial literacy and transparency for the consumers, including:

¹¹ See http://www.forsikringogpension.dk/om_os/Aarsmoeder/Sider/2006.aspx

- PensionsInfo, in collaboration with the Danish banks, ATP and the state - giving individual consumers consolidated information on their own pension rights from all relevant pension providers, public and private.
- PensionsABC including a glossary - explaining the Danish pension system.
- A recommendation to increase the information given to individual members / customers from the pension provider on the costs of the pension scheme, in order to make more transparent to the consumer what he or she pays for insurance cover, administrative services and investment administration.

The DIA has delivered on these initiatives and has thereby created better opportunities for consumers to increase their knowledge of pensions. However, it seems that despite these initiatives, the general level of knowledge and literacy among consumers and the general public on pensions is not yet satisfactory and that further work may be required. There are likely to be several challenges. For example, some of the Danish tools and initiatives do not appear to be widely known or used by the target groups. This may be due to a lack of interest and awareness among consumers. In addition, there is also some disconnect between areas of consumer interest and what the politicians and media focus on in relation to financial literacy and transparency. This represents one of the motivations for this project.

Governmental Bodies

In 2007 the Danish Minister of Economics and Business Affairs established by law the "Money and Pension Panel". The purpose of the Panel is to promote consumers' interest in and knowledge about financial products and services. The members of the Panel are representatives from financial and consumer organisations and the chairman has a special and scientific knowledge of consumer research. The Panel has been active and operating for approximately one year and the website of the Panel has been active since October 2008, where the first findings of the Panel were also published.

The Danish Ministries of Welfare, Economic Affairs and Labour launched a site called "My Pension" in October 2008. "My Pension" will offer general information on the Danish pension system with special focus on state pensions (Pillar 1) and tools (effect of

age of retirement on state pension, household retirement budget, and a pension calculator).

Other Stakeholders

The ATP Forum is an initiative driven by "ATP" (Labour Market Supplementary Pension Plan). The objective of ATP-forum is to involve Danish citizens in internet-based dialogue about pensions in general and to survey laymen's insight into specific pension issues. Input from participants is used as a basis for analyses which are published on the site and in the public press. Examples are analyses of individuals' preferences and expectations with respect to their retirement including their perception of the consequences for them of changes in life expectancy and their knowledge of the pension coverage of their households. Associated with the site is a panel of independent experts who interpret and comment on the analyses.

5. RESULTS AND KEY THEMES

In this section we analyse the results of the survey and interviews by major themes. It also includes observations on the pension systems of the various participating countries.

This section is divided into the following components:

- General landscape of the life and pensions environment;
- Major stakeholders and the level of co-ordination that exists;
- Availability of tools and information;
- Educational themes;
- Promotion and effectiveness of tools and initiatives; and
- Future challenges.

5.1 General landscape of the life and pensions environment

Overall pension income is met from a combination of Pillar 1 (state), Pillar 2 (workplace) and Pillar 3 (individual) entitlements albeit to different extents in the different countries.

Any work performed on financial literacy and transparency should take into account the structure of the overall pension system. The market structure and features of the three pillars will dictate the amount of responsibility that is put on the individual consumer to make decisions in respect of pensions and life insurance.

This means that the importance and relative coverage of each pillar, the level of choice available to the consumers, the degree of product complexity and recent or planned reforms in the system are likely to be of importance in the development of tools and initiatives around financial literacy and transparency.

In order to accommodate this, we have prepared a description of the pension system of each of the different countries surveyed. These descriptions are made from a transparency and financial literacy point of view. The goal of each country description was:

- To capture those characteristics that are relevant to considerations of financial literacy and transparency; and

- To provide consistent descriptions across countries. The emphasis is on a “broad outline” of the key features of the pension system rather than a “detailed” analysis.

The descriptions do not provide an exhaustive description of all relevant aspects of the pension system and exclude items such as institutional and administrative arrangements and issues such as tax incentives and supervision. The descriptions of the pension systems and an accompanying explanatory note can be found in Appendix C.

The main observations that we can draw are:

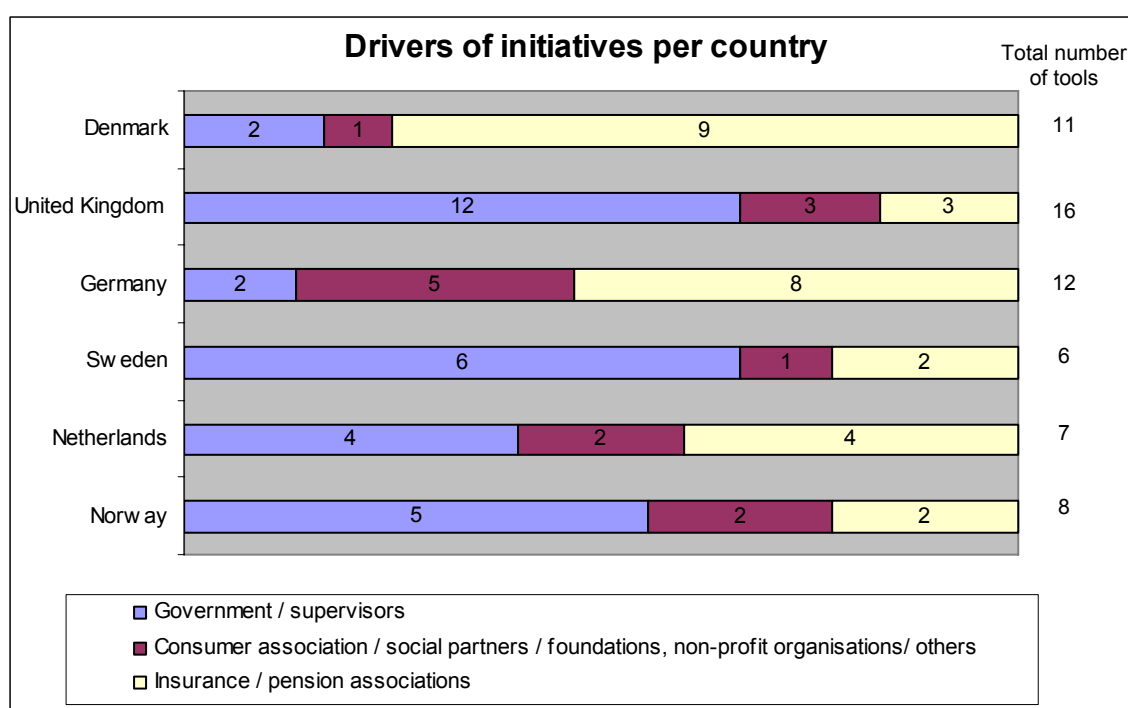
- Benefits for Pillar 1 vary considerably from country to country: they may be flat-rate and not income related (for example the basic state pension in the UK), income-related (Denmark) or based on contributions made during working life (the example of Sweden)
- The structure of benefits for Pillar 2 depends on whether the scheme is defined benefit or defined contribution. In defined benefit schemes, benefits are often related to salary while in defined contribution schemes, benefits depend on contributions, investment returns and costs. The structure of benefits in Pillar 3 is similar across countries – based on a combination of contributions, investment returns and costs. Contributions are generally paid by both employer and employee on Pillar 2.
- For many countries, pension reform is a result of ageing populations and changing demographics. In most countries, this means an increasing share of the burden is being placed on Pillars 2 and 3. In many cases, the coverage in Pillar 2 and 3 reflects the additional needs based on coverage provided in Pillar 1. In general, the level of choice and flexibility for consumers typically increases from Pillars 1 to 3.
- Countries are in a mix of transition states in relation to pension system reform, with some countries having already seen a substantial move (for example Denmark, Sweden and the UK) while others such as Germany are in transition and some such as Norway are at a early stage of pension reform.
- Some countries have seen recent changes to their regulatory system which will accelerate changes in Pillar 2 (for example in Norway) or in Pillar 3 (for example in the UK and Germany)

- Generally, in countries where there is a movement away from the State as the primary pension provider there appears to be a recognition of the need and responsibility to educate the consumers with respect to the social rationale of pension reform.

5.2 Major stakeholders and the level of co-ordination

Drivers for the various initiatives

The survey questionnaire asked participants to indicate the organisations driving forward financial literacy and transparency tools and initiatives in their markets. The table below summarises the number of tools and schemes initiated by different stakeholders.



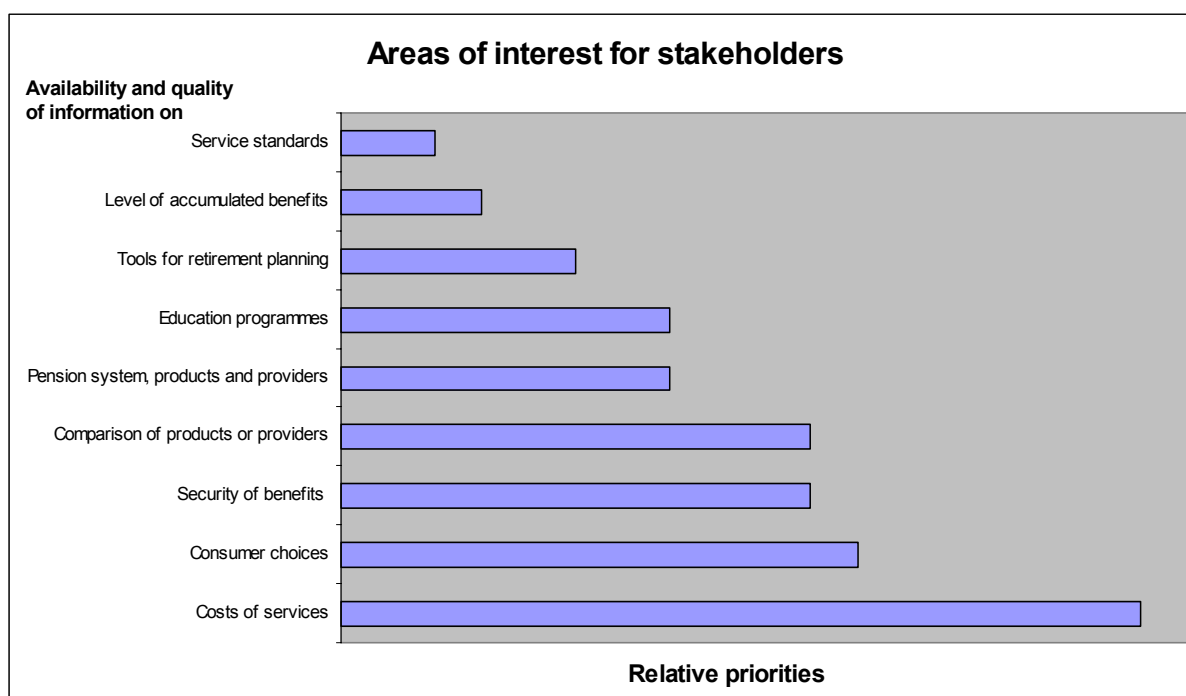
Note: An organization was considered to a driver if it could be clearly identified as the main lead of an initiative/tool or if it substantially contributed on an ongoing basis in cases where multiple organizations were involved. As a result, the number of tools and initiatives in the above diagram can exceed the total number of tools indicated in Appendix D.

In the main, the drivers of the initiatives tended to be a combination of supervisors, insurance and pensions associations and government bodies. Although the results varied by country, the role of consumer organisations, social partners and other organisations tended to be lower. Some countries indicated that certain organisations (e.g. the Financial Services Authority in the UK) had a statutory objective to help consumers achieve a fair deal and hence were leading organisations within their markets.

The Danish and German Insurance Associations are examples of organisations that are active in moving forward financial literacy and transparency initiatives in their market. As indicated in section 4.3, the DIA has amongst its key objectives for the life and pensions sector to improve the reputation of the sector by acting openly and promoting financial literacy and transparency.

Relative priorities

As part of the survey we asked participants to provide their perspective on the three most important issues relevant to key stakeholders (See Question 4 of Appendix B). We then tallied the results across stakeholders and countries in order to obtain an indication of the relative weight of issues amongst the different organisations. As expected, different organisations have different priorities but the results, summarised across countries and organisations are shown below:



Source: Towers Perrin/DIA

Note: The questionnaire (Question 4) asked respondents to rank the issues that are highest on the agenda for five different types of organisations (government, supervisors/regulators, trade bodies, consumer organizations and media).

The results shown can only be considered indicative. However, the issue that seems to be highest on the agenda relates to the availability or quality of information on costs of

providing services. More detailed investigation indicates that this issue appears to be particularly important with supervisors, consumer organizations and government.

Other issues high on the agenda relate to the availability and quality of information on available choices, comparison of products and providers as well as the security of benefits.

It is somewhat surprising to see the relatively low level of priority assigned to other fundamental issues such as the provision of information on the level of accumulated benefits, tools to assist in retirement planning and general and targeted education programmes. An improving consumer financial literacy environment will certainly require investment and interest by the key stakeholders in these areas.

The risk is that a focus on a single issue, such as costs, may be detrimental in the long term as it provides a very one-sided view on a complex problem where other parameters should also be of importance to the consumers.

Co-ordination within markets

Most markets reported that there was a co-ordinated national strategy (or at least a perception of such) to promote financial transparency and literacy. Discussions during interviews drew attention to three particular examples.

Netherlands

In the Netherlands, there is a co-ordinated strategy involving over 40 stakeholders, including members from the financial sector, government and public information and consumer organisations, under the umbrella name of CentiQ. CentiQ aims to make the process more efficient going forward for the development and dissemination of any financial literacy materials.

The work of CentiQ goes beyond pensions and life insurance and also includes household finances, analysis of financial risks and consumer life events, as well as support to consumers with checklists, tools, aids and advice. It was established in the end of 2006. Its major accomplishments to date include the establishment of an action plan based on results from a public national survey on indicators for successful financial behaviour.

The CentiQ action plan led to the creation of three key national programmes: the first (“Finances in Order”) provides consumers with the tools to help them organize their finances and make sounder financial decisions; the second (“The habits of youth last a lifetime”) focuses on education and financial training to young people aged 6-18 and the third (“Concern for the future”) aims at making consumers aware of lifetime events and the need to insure them against financial risks as they move through those life stages.

Germany

The German market adopts a “decentralized network approach” to financial education in which coordination takes place via two different networks. The first network for pension education was established by the different providers of pensions (statutory system, occupational and private pensions) who established a joint working group on pension information.

The second network has a broader focus and provides general education on all financial issues in Germany: not only on pensions but also on issues such as indebtedness. It is organised as an umbrella initiative called “Initiative Finanzstandort Deutschland” (IFD). The members of the IFD jointly offer an internet portal that provides consumers with materials with the objective of financial literacy improvement, and regularly organises events aimed at training school teachers in financial education matters.

Sweden

The Swedish market presents another interesting approach to a national co-ordinated strategy. The Consumers Insurance Bureau acts as the initiator and driver behind most tools and initiatives. The Bureau is a foundation, started in 1979, and the members include the Swedish Consumer Agency, the Financial Supervisory Authority and the Swedish Insurance Federation. The Bureau is financed by the insurance industry. The bureau offers pre-purchase information, advises concerning losses and draws up product overviews of virtually all forms of consumer insurance, both life and non-life insurance. While the Bureau is not empowered to reverse any decisions made by an insurance company, the Bureau may attempt to mediate disputes between policyholders and their insurance companies. Further information is provided in Appendix D.

Other markets

For the other markets, there were indications as to the existence of national co-ordination, but this did not appear to be as far reaching as in the German, Dutch and Swedish examples. Although some countries such as the UK indicate that there is a strategy in place, there tends to be a single main driver behind the majority of initiatives and tools (the FSA in the case of the UK) rather than a broad coalition of public and private stakeholders from several sectors, each contributing strongly to the strategy delivery.

In Denmark, there is a perception of a nationally co-ordinated strategy lead by the Money and Pension Panel. However, the majority of the Danish initiatives (See Appendix D) began before the establishment of the Money and Pension Panel and so cannot really be attributed to a nationally co-ordinated strategy.

Baseline studies

Most countries indicated that they have carried out some form of baseline study of the level of financial literacy in the population either directly or indirectly. We have not had sufficient details to assess the quality or scope of the different surveys. However, two of the most comprehensive examples appear to be the work carried out by CentiQ in the Netherlands and the FSA's 2006 Financial Capability survey in the UK.

The CentiQ large-scale public survey measured indicators for successful financial behaviour as diverse as financial management, youth financial saving, spending habits and also concerns of the Dutch population in regards to future finance provision, current attitudes towards savings and loans products, perception and understanding of life and pensions products and providers.

For CentiQ, the survey will serve two purposes; the first is to have a general understanding of the major gaps on financial literacy within the population (and sometimes within specific population segments) and the other is to provide a suitable base for analysing the results of specific initiatives targeting the general population (or specific population segments).

In the UK, the Financial Services Authority carried out a comprehensive survey of financial capability in 2006.¹² Over 5,300 adults were surveyed to create a portrait of financial capability in the UK. The document sought to summarize the main observations with a view to support a national financial literacy and education strategy.

The survey measured amongst other elements the capacity of UK consumers to plan for retirement, their ability to manage personal debt and most importantly their capability to adequately choose products that meet their needs. Here the survey found that many people are failing to plan ahead adequately for retirement, are taking on inappropriate risks and not shopping around to get a good deal.

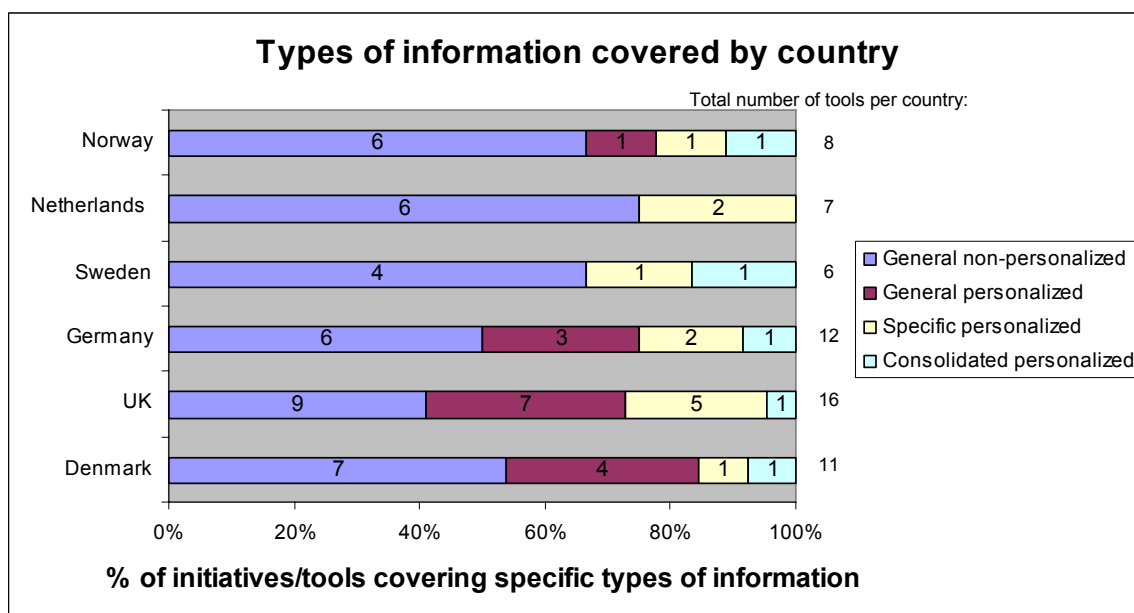
According to the survey this lack of financial capability is particularly acute in the UK on the below 30 years of age group, reinforcing the importance of a co-ordinated national approach to financial education from an early age.

5.3 Availability of tools and information

The information categories used below for the analysis are described in section 3.1.

The following diagram provides a summary of the number of tools and initiatives broken down by the category of information that it provides. A detail description of the initiatives and tools in each participating market is provided in Appendix D.

¹² See “Financial Capability in the UK: Establishing a Baseline” by the FSA, 2006, in www.fsa.gov.uk



Source: Towers Perrin/DIA

The classification of the tool based on the type of information was based mainly on the answers to the survey questionnaire (Section II of questionnaire). In some cases tools covered more than one type of information (for example general personalised and specific personalised information). In such cases, the tool was counted in each of the information categories so the number of initiatives in the above diagram can exceed the number of tools indicated in Appendix D.

As discussed in Section 3 the main focus of the study was on tools and initiatives which are accessible for a wide range of consumers. We have not therefore focussed on tools and initiatives developed exclusively for specific groups of employees or initiatives by companies targeted as marketing devices for generating sales or as services to their members. In addition, we have mainly tried to exclude information and communication from the pension provider to the individual consumer such as annual employer pension statements, as this is mostly based on information requirements specified in EU and national legislation. This does not imply that this information is not essential in informing consumers especially with regard to specific personalized information.

The analysis indicates that, to date, much of the focus of governments, supervisors, regulators, trade associations, social partners and consumer organizations has been on providing general information to consumers.

The internet has had a major influence on the development of tools and initiatives as many of these are web based. The ease of access to the web can also produce challenges as it may lead to a number of tools which present the same information to consumers in different ways. This may be confusing for consumers and in some cases, having a single market leading tool (or basic standards to ensure consistency across tools) may be helpful in providing a consistent interface for consumers and avoiding information overload.

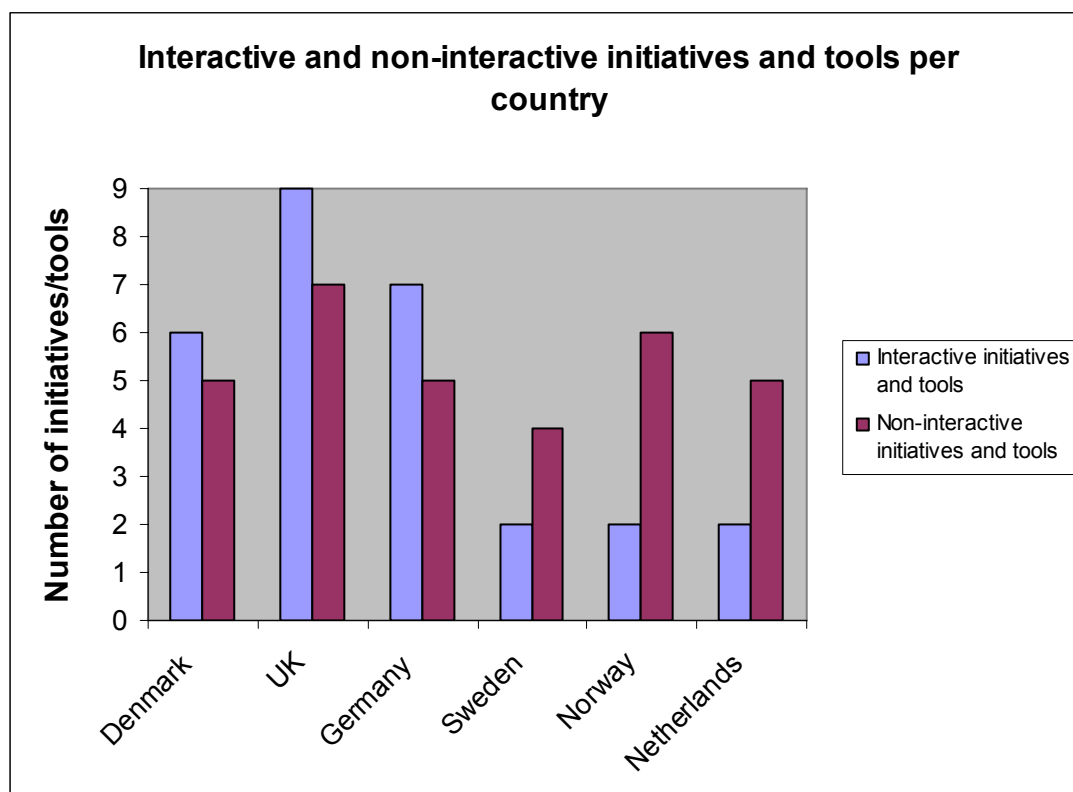
We have not attempted to benchmark the accessibility of the tools indicated. For example, the consolidated personalised information in Denmark is derived via the use of a single electronic website (“Pensions Info”) while the consolidated information for most other countries at this point in time appears to require a combination of manual interventions from the consumer and hence may not be as readily accessible.

Although we have excluded legislative information, we note that in some countries, such as the Netherlands, steps have been taken to harmonise and simplify the presentation of such information from the various providers in order to make it easier to understand for consumers and again avoid information overload. This is seen as a preparation for the development of a consolidated information tool (“the Pension Register”) that is intended for 2011. In addition, participants in Norway indicated that one of the main areas of work in recent years has been on satisfying the substantial increases in information requirements from the regulators rather than on developing industry-wide tools and initiatives. These information requirements have resulted in much detailed information being provided to consumers but it was not clear whether this actually increases transparency as the information is not necessarily user friendly or demanded by the consumers.

Interactive and non-interactive tools

An alternative method to assess the available tools and initiatives was to consider the degree to which these were *interactive* or *non-interactive*. We considered an *interactive* initiative or tool as one that requires engagement (i.e. when information provided is acted upon to derive a value added result) as compared to a *non-interactive* initiative or tool (i.e. when information is provided but does not require action and or an engagement).

The analysis is based on the information on the tools and initiatives provided in Appendix D and the results are shown in the following diagram.



Source: Towers Perrin/DIA

The balance between interactive and non-interactive initiatives and tools varies with a greater focus on interaction in the UK, Germany and Denmark. Examples of interactive tools include pension tutorials, lifetime retirement needs analysis tools and calculators. Examples of non-interactive tools include pension statements and informational brochures.

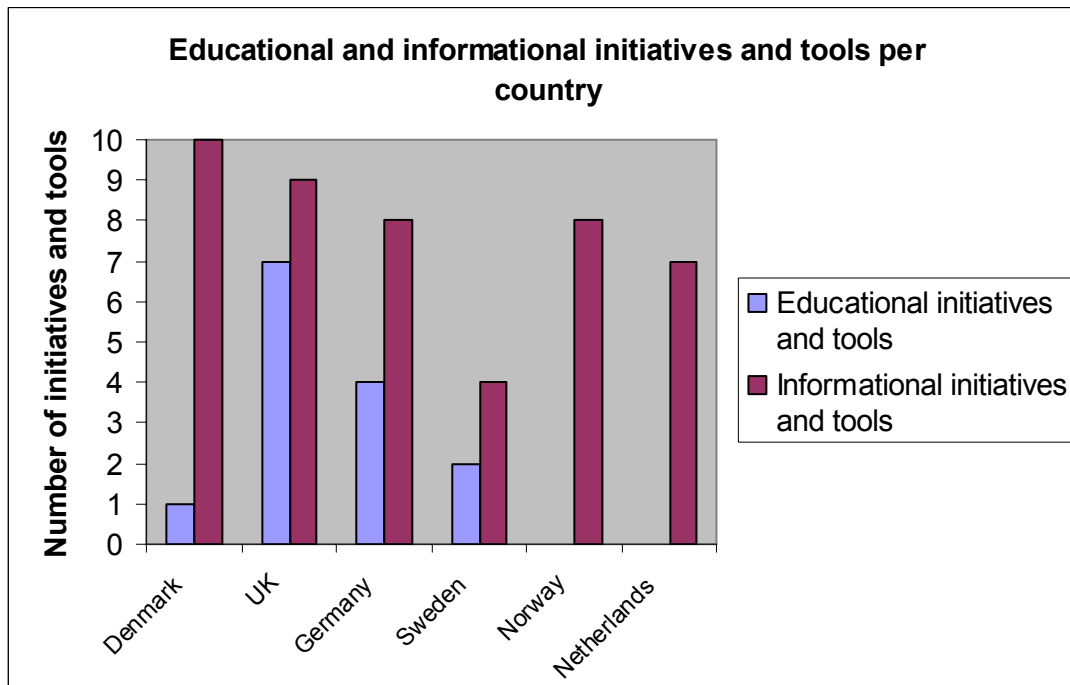
A specific example of an interactive initiative is the “Talking Shop” run in the UK by the National Institute of Adult Continuing Education (NIACE). It encourages consumers to pose questions regarding their own specific life and pensions circumstances to a network of professionals (See Appendix D for further details).

5.4 Education themes

An underlying driver for financial literacy will be educational initiatives. In this context, “educational” areas mean those that aim expressly to transform information and content

into clear educational objectives for schools or courses for adults. We have attempted to identify which of the tools and initiatives provided in Appendix D are substantially educational in nature.

The results are shown in the following diagram.



Source: Towers Perrin, DIA

During the interviews, respondents from the UK, Germany and the Netherlands emphasised the need for educational initiatives in cases where the structure of the pension system was changing. Note that although the Netherlands does not score highly based on current educational initiatives, it is an area which represents a major part of the strategy for CentiQ.

Some respondents indicated that in cases where the structure of the system is changing, or has already changed, the traditional sources of information such as family members may be less helpful as the future system is significantly different from the past. This also points towards a special need to educate and inform immigrants. Changes to the pension system may therefore explain to some extent the greater focus on educational initiatives for countries such as the UK and Germany and the lower focus in Norway where discussions on pension reform are at an early stage.

The focus on education is relevant as academic research indicates that educational initiatives help reduce the time required for financial issues to achieve a critical mass and become self-sustaining. Research by the European Parliament¹³ indicates that “dissemination of an innovative behaviour such as actively shaping the financial aspects of one’s life usually spreads through a sub-population according to an S-shaped curve”.

This means that changes in behaviour usually has a low growth adoption curve at the start of its dissemination, but when it achieves a level of critical mass within the population, it grows rapidly entering a self-sustaining phase (due to social reinforcement by peers) and finally it reaches a plateau of broad, generalized dissemination. Education is key in reducing the time required for an initiative to achieve the required critical mass within the population and therefore will play an important role in any attempt to improve financial literacy.

Some countries highlighted challenges in implementing educational programs such as developing the appropriate educational material. Even where educational material exists, challenges still remain in training teachers on the material and scheduling sufficient time in the classrooms.

The CentiQ initiative in the Netherlands is using its broad coalition of stakeholders to develop a guide for money matters for consumers, aimed both at short-term information and longer-term financial educational progress. CentiQ is not looking, however, to use its brand as a quality stamp on the activities going forward.

In the UK, the Financial Services Authority has established as one of its key objectives the enhancement of financial education in general and at schools in particular. For this purpose, it drives several educational initiatives and tools such as “Learning Money Matters”, “Further Education” and “Higher Education” which support teachers and schools at different levels (secondary schools, colleges and universities) with planning and delivering a coherent financial education programme.

¹³ “Briefing Notes On Consumer Financial Education” – a study requested by the European Parliament's committee on Internal Market and Consumer Protection (IMCO), Policy Department Economic and Scientific policy, 2008

It is too early still to judge the impact of these educational initiatives but one would expect that these programmes will deliver benefits for financial literacy in the future.

5.5 Promotion and effectiveness of tools and initiatives

Promotion / marketing

As part of this work, we attempted to gauge how stakeholders were promoting the tools and initiatives. In most cases there was some evidence of multiple channels being used such as in the Netherlands where the Pensioenkijsker raised the awareness of pensions within certain population segments by distributing free postcards. In the UK some of the main initiatives are advertised using the consumer and trade association websites as well as via leaflets. However, it was not clear whether the marketing and promotion efforts observed were part of a strategy with dedicated resources or developed on an ad-hoc basis.

In some cases, the stakeholders developing the tools and initiatives are not necessarily those with the relationship with consumers and hence may not be best placed for promoting and marketing the tools. One of the advantages of a co-ordinated approach is that it brings into the discussion those stakeholders which have closer relationships with consumers (e.g. banks, schools, employers etc). This will allow more targeted promotions and customising of the messages to focus on specific populations segments if necessary.

One example of how the involvement and co-ordination of different stakeholders has resulted in high accessibility of a tool to the consumer is "PensionsInfo" in Denmark. PensionsInfo is maintained by the industry and can be easily accessed from web banks and pension portals. Two thirds of PensionsInfo's one million annual log-ons is from web banks. This clearly illustrates the advantages of making information and tools available to areas which are frequented by the public.

Measuring effectiveness

Linked with the promotion of activities is measuring the effectiveness of the tools and initiatives. Limited information on effectiveness was available from participants, which may reflect in part a failure to collect statistics on existing initiatives or that the initiatives are not sufficiently mature in order for the effectiveness to be evaluated. Although data is limited, most survey respondents would agree that effectiveness (measured either by the

number of persons accessing the information or the number of persons improving their level of knowledge) is typically low for most initiatives compared to the number of persons who would potentially benefit from their use.

At this point, most countries and most initiatives and tools seem to not have developed clearly defined goals in regards to their effectiveness or success. There are exceptions though – for example, in Sweden the “Min Pension” initiative has approximately 175,000 visits per month versus a stated goal of 150,000, PensionsInfo in Denmark 1 million log-ons a year corresponding to expectations and in the UK the “Money Made Clear” initiative has approximately 50,000 page viewers per month consistent with its stated goal.

Some participants did indicate that the legislative requirements represent a major component of the communications with consumers. As indicated previously, such legislative requirements are not within the scope of the analysis but certain participants indicated that such legislative actions can sometimes be counter-productive as it may force companies to develop and transmit large amounts of information which the consumer does not understand. This may reduce the incentive for consumers to improve financial literacy.

5.6 Future challenges

The study also investigated the main challenges facing stakeholders in the future. Participants were asked to rank their perception of potential issues in the areas of financial literacy and transparency.

In the scale used, 1 indicates that the issue was a low challenge, 3 indicates that it was a medium challenge, 5 indicates a high challenge and n.r. means not relevant (See section III of questionnaire in Appendix B).

The following table shows the results for the anticipated future challenges for financial literacy based on the perception of the participants.

Future challenges in the area of financial literacy							
	DK	UK	DE	NL	SE	NO	Average
Lack of a coherent strategy from stakeholders	4	3	1	1	3	3	2.5
Lack of interest from consumers	5	3	4	5	5	5	4.5
Lack of resources for promoting financial literacy	3	2	-	2	5	2	2.3
Complexity of the pension system	5	3	3	2	4	5	3.7
Complexity of pension products	5	3	2	3	4	5	3.7
Lack of information on personal circumstances	2	3	-	4	1	2	2.0
Average	3.4	2.4	2.1	2.4	3.1	3.1	2.8

Source: Towers Perrin/DIA

Note: A score in the above table of 1 indicates that the issue was a low challenge, 3 indicated that it was a medium challenge and 5 indicates a high challenge and n.r. means not relevant. Results are averaged in countries where there are more than one participant such as the UK, Denmark and Netherlands. Blank cells indicate where there was no response from the participant.

Lack of interest from consumers is identified as a major challenge for all participants. This may be exacerbated by certain subgroups within society where the culture of taking responsibility for one's own financial affairs is still to be developed. Going forward, this highlights the need to dedicate resources motivating consumers to engage on financial issues in addition to the development of the tools and initiatives.

Issues around the complexity of the pension system and pension products were also identified as potential issues particularly for the Scandinavian countries. Such issues may be indicative of greater need for dedicated educational programmes which can take the time to explain the relevant issues to consumers and with interaction with knowledge teachers (as in the school environment).

However such programmes are not without their own challenges as they are likely to raise potential issues relating to the level of expertise by teachers on financial literacy issues as well as the scheduling of sufficient time slots in the school curriculum.

The following table provides a summary of the anticipated future challenges relating to financial transparency based on the perception of participants.

Future challenges in the area of financial transparency							
	DK	UK	DE	NL	SE	NO	Average
Lack of a coherent strategy from stakeholders	2	3	2	1	3	3	2.3
Lack of interest from consumers	5	2	-	5	4	4	3.3
Lack of resources for promoting transparency	2	1	2	1	4	4	2.3
Complexity of the pension system	5	3	3	4	5	5	4.2
Complexity of pension products	5	3	3	4	5	5	4.2
Lack of tools/information on products	3	1	n.r.	1	2	2	1.5
Lack of information on pension system	3	1	n.r.	2	2	2	1.6
Lack of information on pension providers	3	1	n.r.	2	2	2	1.6
Information provided is too complex for consumers	1	3	-	3	5	5	2.8
Average	2.9	1.8	1.5	2.5	3.2	3.2	2.5

Source: Towers Perrin/DIA

Note: A score in the above table of n.r. indicates not relevant, 1 indicates that the issue was a low challenge, 3 indicated that it was a medium challenge and 5 indicates a high challenge and n.r. indicates not relevant. Results are averaged in countries where there are more than one participant such as the UK, Denmark and Netherlands. Blank cells indicate where there was no response from the participant.

In terms of financial transparency initiatives and tools, the main challenges identified were the complexity of the pensions systems and the complexity of the products. This may be understandable as many of the pension systems are fragmented with consumers accruing benefits in various locations (state, workplace and/or individual pensions - see Appendix C) and the variety of pension products typically available in the market (product designs to cater for the range of consumers needs).

It is however interesting to observe that most participants do not believe that there is any lack of information on pension systems, products and providers. This may indicate that the complexity issues described above may be more to do with consumers that are with insufficient financial literacy to make use of the available tools and / or the information provided to consumers is not readily understood.

This is indicated to some extent in one of the responses to the questionnaire which identified the potential issue where consumers lack the capability to select and to structure available information in a meaningful way (lacking orientation knowledge).

6. IDENTIFYING EMERGING PRACTICES AND TRENDS

6.1 Emerging practice and trends

Based on the results of the survey and interviews with selected experts, we begin to see a pattern of emerging practices in the establishment and delivery of a co-ordinated strategy for financial literacy and transparency.

We however recognise that many of these items are parts of a longer term strategy and it is too early to judge the overall impact on financial literacy and transparency. In addition, not all of the points detailed below will be relevant for all markets.

The areas identified include:

- **Clearly defined strategy:** Improving financial literacy and transparency is a major undertaking and requires a strategy with defined objectives, realistic short and medium term goals and associated project plans. Developing an effective strategy can take time as it will involve input from major stakeholders;
- **Co-ordination and ownership of stakeholders:** Stakeholders include government bodies, trade associations, pension providers, consumer organisations and social partners etc. No single stakeholder can achieve all the goals and objectives of a financial literacy and transparency strategy. The division of labour and multi-partnerships between different stakeholders is a theme for achieving maximum effectiveness.

Stakeholders are also more likely to adopt a proactive stance if they feel a degree of ownership and responsibility towards the project. This would involve including the stakeholders in the decision making process.

Co-ordinated initiatives are also likely to be more effective. For example, the provision of consolidated personalised information is only possible with the collaboration of all relevant stakeholders. However, co-ordination of efforts may require that individual stakeholders sacrifice opportunities for achieving competitive advantage for the greater benefit for consumers;

- **Efficient allocation of resources:** Different stakeholders will have different resources and different relative advantages in the conception, development, delivery and maintenance of financial transparency and literacy initiatives. A co-ordinated approach would allow tapping into each resource expertise. One such example would be using educational and communication experts in the development of educational tools;
- **Importance of education:** A critical element of a comprehensive strategy is the educational element which starts at the school level with teachers specifically trained on the subject. This is particularly important for countries where the pension system is changing and consumers cannot depend on traditional sources of information such as family members;
- **The importance of political support:** Political support provides a number of benefits. It can help raise the profile and awareness of the issue with consumers, contribute state resources to the activities and facilitate any structural changes that may be required e.g. changes to the educational curriculum;
- **The importance of engaging the consumer:** Although there are many tools that provide information to the consumer, there is some movement towards tools which allow consumers to interact e.g. what if I retire early or what if I increase my contribution rate? These tools become increasingly powerful to the consumer if a personalised view of their circumstances can be incorporated;
- **Increasing the awareness of tools:** Tools and initiatives are only useful if the consumers are aware of them. Low interest among consumers presents barriers to improving financial literacy. In order to overcome the lack of interest and awareness, it is important that all channels are used as effectively as possible. This includes workplace forums, the internet and traditional media such as radio and television. Promotions could be aimed at the general public or targeted at specific socio-economic groups. This calls for dedicated involvement of the industry, its associations, consumer representatives, social partners and the authorities, but also for active engagement of the press and educators;

- **Simplicity and consistency of message:** From a consumer point of view it would be helpful if tools and initiatives conveyed information in a consistent manner. Ideally the message conveyed should be simple, succinct and appropriate to the target audience;
- **Appropriate level of resources:** Financial literacy and transparency programmes need to be supported by an appropriate budget with capital and resource commitments commensurate with the intended objectives of the overall strategy; and
- **Measuring effectiveness:** Financial literacy and transparency will be a long term project and the long term strategy will evolve over time. Measuring effectiveness of initiatives and tools is crucial to understand and learn from strategies that work well (and also those which do not) and also to assist in the allocation of resources towards future work.

These emerging best practices are consistent with the work performed and the recommendations of other relevant bodies such as the European Commission and the OECD. These organisations have published a number of papers on best practice guidelines in the areas of financial education and the development of tools and initiatives. These guidelines are described in section 4 of this report.

6.2 Reference points for the Danish market

Denmark seems to already have in place many of the emerging best practices described previously.

Significant work has been done to improve transparency by raising the level and quality of information available to the consumer (especially general information both personalized and non-personalized). For example, some tools launched by the DIA such as “Your Pension Needs” (Dine behov) and “Pension Calculator” (Pensionsmåler) have established themselves as market leaders in Denmark. They set the market tone in how to link information needs with specific major life events (in the case of “Your Pension Needs”) or allow consumers to customize their own circumstances and to obtain appropriate information according to changes in circumstances (in “Pension Calculator”). Please refer to Appendix D for a detailed description of the tools and initiatives.

Steps have also been taken by the DIA to ensure consistency in the information pensions providers give to consumers. "The Cost Initiative" (omkostningsinitiativet) sets out an industry standard for the information on costs that pension providers need to provide to consumers. This ensures transparent and consistent information on all costs relating to private pension schemes. Another example of an industry initiative aimed at ensuring streamlined and consistent information to consumers is the "Common Forecasts Assumptions" (Fælles Samfundsforudsætninger), which sets out a standard for investment return and inflation assumption to be used when performing pension projections.

Another tool, "PensionsInfo", conceived and provided by an association of Danish pension providers is a best practice in Europe on the provision of consolidated information on pension entitlements - offering information to consumers in a personalized, clear and comprehensive manner. By the end of 2008 virtually all Danish pension providers will be linked to PensionsInfo, testifying to the success of this tool. Tools such as PensionsInfo are interactive, requiring pro-active engagement from consumers as opposed to just providing pure passive initiatives or tools.

In addition, the "Money and Pension Panel" initiative provides a signal of the political direction. This initiative was established by law in 2007 and its purpose is to promote consumers' interest and knowledge about financial products and services. The panel is formed by representatives from financial and consumer organizations. The members and the chairman are politically appointed by the Minister of Economics and Business Affairs.

Despite the launch of a series of important and well-designed initiatives and tools, there are still areas where the Danish efforts on financial literacy could benefit from emerging practices and trends.

One such area is the co-ordination and ownership of various stakeholders to develop a national strategy for financial literacy and transparency. It is too early to judge but the best results seem to be achieved within a broad coalition of stakeholders with an active interest in furthering the agenda for financial literacy, transparency and education. In this regard, more could be done to broaden partnerships by bringing in to financial literacy and transparency initiatives not only large central stakeholders but local ones such as schools, consumer forums and activity clubs.

Although the Danish market has developed a number of tools, there seems to be currently limited activity in promoting or marketing these tools to the consumer. This promotion could form part of a national strategy but there could be immediate benefits for consumers by greater promotion of the market leading existing tools e.g. PensionsInfo. In the longer term, failure to promote tools could result in other commercial providers developing equal or inferior tools which are then heavily promoted in the market.

Denmark does not currently include financial literacy in the school curriculum. A greater investment in such education would likely lead to increasing financial literacy in the future particularly if there were consistency in the development of transparency tools and the education programme. Such actions would also contribute to achieving a critical mass where financial issues became a normal part of consumers' day to day activities.

Any further work needs to be set in context of the financial and other resources available. We have not attempted to perform a cost benefit analysis or an analysis of how the potential costs should be allocated. However one would expect the potential long term benefits of increased consumer literacy could be substantial as consumers take an increasing responsibility and proportion of the planning for retirement and reduced dependency on state finances. Other potential benefits of better qualified consumers include increased market efficiency and better financial decision making by consumers in everyday life. However, it is only realistically possible to lift the general level of financial literacy if sufficient resources are made available for investing in the various tools and initiatives.

Various options exist for the Danish market to take advantage of the emerging best practices depending on the level of engagement of the various stakeholders and resources available. One option might be to build on the potential of the Money and Pension Panel to act as a co-ordinating body. This would require the Panel to engage with a wider range of stakeholders in order to define a co-ordinated and agreed strategy in areas such as financial education and promotion / marketing of tools and initiatives to consumers.

Other possibilities exist for example the establishment of a new platform in Denmark to focus on general financial education or potentially an industry led platform or discussion

forum to specifically focus on improving financial literacy and awareness among consumers for pensions.

Regardless of form, such initiatives should include setting specific goals for the desired level of literacy and transparency and an action plan for achieving this. This would require additional resources compared to the current position.

APPENDIX A – GUIDANCE DOCUMENT

We have distributed the following guidance document to help all the participants in the survey. The guidance document provides insight into the background and process followed, defines financial literacy and transparency as well as the different categories of information we considered in the study and outlines additional important information to facilitate the questionnaire answering process.

France was initially considered as part of the analysis. However, for practical reasons it was not possible to include France in the study.



GUIDANCE DOCUMENT FOR COMPLETING QUESTIONNAIRE ON FINANCIAL LITERACY AND TRANSPARENCY INITIATIVES OR TOOLS IN LIFE AND PENSIONS

1. Background and Process

Thank you for agreeing to participate in this work.

For most consumers, pension provision is likely to be the most significant component of their savings over their working lifetime. However various surveys indicate that it is often difficult to engage consumers on such issues.

The Danish Insurance Association ("DIA") is aware that other countries are facing similar challenges and it is recognised that countries may have adopted different strategies to improve the financial literacy and transparency in their markets. The DIA is interested in understanding the initiatives being pursued in other countries with a view to improve its own approach to transparency and financial literacy as well as to promote knowledge exchange between countries.

The countries that are currently being looked at are the UK, the Netherlands, Sweden, Norway, France, Germany and Denmark.

Please note that the focus of this survey is financial literacy / transparency initiatives or tools that are relevant to any of the three pillars underlying your pension's frameworks. It should be noted that in Denmark we consider individual life insurance products to be included within Pillar 3.

The DIA has commissioned a survey of the work being done in various markets and engaged the insurance consulting division of Towers Perrin to assist in the analysis.

We expect the project to be based on the following steps:

- Step 1: In order to understand the context of the initiatives in the various countries, we will try to describe key features of the various pension systems in the selected countries. We will ask you to review our descriptions to ensure that they capture the main features of your market.
- Step 2: We will develop a questionnaire which should enable us to clarify, validate and understand the initiatives in the markets and the drivers for these initiatives.
- Step 3: We will perform desk research into some of major initiatives highlighted in Step 2.
- Step 4: Following completion of the questionnaires and desk research we would like to visit selected markets to have an opportunity to understand better the initiatives taken, discussions taking place and the likely future initiatives which may be foreseen in each market.

Step 5: We will produce a report on the findings of the survey. As a matter of course, the findings of the report will be made available to all participating organizations.

This document is a guidance document to accompany the questionnaire described in Step 2 of the process.

2. Transparency and Financial Literacy defined

For the purposes of this study it is necessary to define what is meant by transparency and financial literacy. To this end it is useful to look at the introduction to the Communication from the European Commission on Financial Education from the 18 December 2007:

"Financial education enables individuals to improve their understanding of financial products and concepts, and develop the skills necessary to improve their financial literacy; i.e. to be aware of financial risks and opportunities and to make informed decisions in their choice of financial services. It is a life-long issue. Financial education is a complement to measures aiming to ensure the appropriate provision of information, protection and advice to consumers. The sum of these policies contributes to empowering consumers to make the best decisions for their financial circumstances."

For the purpose of this study we consider:

Transparency is a characteristic of products, markets and systems. Transparency is derived by users being able to access relevant information in a timely manner. An appropriate provision of information to consumers and other users is a necessary requisite for transparency.

Financial literacy is the ability of the consumer to understand financial products and concepts. Financial literacy also entails that the consumer possesses the skills necessary to be aware of financial risks and opportunities and to make informed decisions in their choice of financial products and services.

We consider financial literacy and transparency to be interrelated as it requires a certain level of financial literacy for the consumer to make the most of transparency i.e. a consumer has to be able to understand the information provided and to make sense of this information by placing it in the right context in order for the information to create transparency on the market.

3. Different types of information

Underlying transparency and financial literacy is information provided by stakeholders such as governments, supervisors / regulators, trade associations, consumer organisations and pension providers.

We believe such information could be broadly categorised as:

- **General non-personalised information.** This includes general information and educational tools about the pension system, pension and life insurance products, providers and choices open to consumers. The aim is general financial education and to raise awareness of financial risks and opportunities in the pension system.
- **General personalised information.** This includes more targeted information based on an interaction with the consumer. This might include products/providers comparison or needs analysers which may tailor the output information based on age, sex, income and outgoings, level of savings, major life changes like e.g. marriage or divorce etc.
- **Specific personalised information.** Specific personalised information indicates that the information is based on or reflects the consumer's actual circumstances and is typically provided by the pension provider. This might include information on account balance, contributions, investment options, costs, cover, performance of individual portfolio etc. Often a consumer receives specific personalised information from a number of providers (state, various employers and personal pension provisions).
- **Consolidated personalised information.** This is similar to above but consolidated indicates that the specific information from various providers (state, various employers and personal pension provisions) have been consolidated and thereby gives the consumer an overview of the information.

As a working hypothesis we believe that initiatives or tools that foster general information may be more related to improving financial literacy whilst initiatives or tools that provide personalised information may be more related to improving transparency for the consumer.

3. Additional points to consider

The following are additional points we would like you to consider as you fill out the questionnaire.

- We are primarily interested in initiative / tools in your market. In reality one tends to find that many initiative / tools are consolidated together in a single location (perhaps in a single scheme). One example of this might be the “moneymadeclear” site in the UK¹⁴. In our terminology we consider the “moneymadeclear” website to be a “scheme” with a collection of “tools / initiatives”. The focus of this study is the most important of these tools / initiatives, for example, the “financial healthcheck” and “pensions calculator” tools within this scheme.
- We are also interested in initiatives / tools that have a strong educational content for example initiatives that aim to increase financial literacy at schools, at the work place or for certain sections of the population e.g. young people.
- In many cases the information communicated to consumers by pension providers (specific personalised information) is based on EU or national standards. We are aware of this but the purpose of this project is **not** to survey these regulatory information requirements.
- For the purpose of this study, we are interested in tools / initiatives which are accessible for a wide range of consumers. This means that tools / initiatives that have been developed for employees within a particular company or for policyholders of a particular pension provider are not within the scope of this study.
- Similarly we are interested in tools and initiatives where the primary purpose is financial literacy or transparency. This is meant to exclude initiatives by companies which are more targeted as marketing devices for generating sales.

¹⁴ See: <http://www.moneymadeclear.fsa.gov.uk/>

4. Explanation of the categories required to answer section II of the questionnaire

Example

Please describe the most relevant initiatives and tools aimed at promoting financial literacy and transparency in the life insurance and pensions Industry in your market.

(For further information on how to complete this template please see the guidance document provided; also please refer to the completed DIA version of this questionnaire that has been sent to you in order to act as a reference.)

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver	Target	Effect	Relevance	How promoted?
1	<p>Name of the initiative and/or tools it entails.</p> <p>Please indicate the national name as well as a translation when possible.</p>	<p>General description of the initiative and tools, like:</p> <ul style="list-style-type: none"> aim/objective, topics dealt with, description of components / sections, part of which site <p>Please elaborate as much as you can.</p>	<p>Please indicate the information provided and how it fits into the following categorization of information:</p> <ul style="list-style-type: none"> General non-personalized information, general personalized information, specific personalised information, or consolidated personalised information <p>(for more info on these information categories please see section 3 of this document).</p>	<p>Please indicate how the consumer accesses the initiatives or tools:</p> <ul style="list-style-type: none"> Internet, direct mail, phone, workplace, face to face advice, etc <p>Please indicate specifically which one and its reference.</p>	<p>Who is the owner/sponsor of the tools/initiatives:</p> <ul style="list-style-type: none"> Government, supervisors / regulators, trade bodies, consumer organizations media, other 	<p>What/ who is the primary target of the initiative/tool?</p> <ul style="list-style-type: none"> Individuals / consumers? Groups? Specific individual segments? <p>Please detail.</p>	<p>Please provide the following information on the effectiveness of the initiatives and tools (where possible providing as much relevant statistical information):</p> <ul style="list-style-type: none"> number of website hits; number of unique website hits; mailings; number of questions received; telephone contacts; feedback on initiatives or tools; periodicity with which information on effect is gathered number of users or members <p>And any other info that you consider relevant.</p>	<p>Please indicate to which pension pillar (Pillar I, II, III) is this initiative/tool relevant</p> <p>And when appropriate please indicate if you consider life insurance products to be included in pillar 3.</p>	<p>How is this initiative/tool promoted?</p> <ul style="list-style-type: none"> Online? Via print media? Forums? Via regulatory initiatives? Via group sessions? Direct mail? others

APPENDIX B – QUESTIONNAIRE FOR SURVEY

The following is a list of participants in the survey:

- DE – German Insurance Association (“Gesamtverband der Deutschen Versicherungswirtschaft e.V.”)
- DK – Danish Insurance Association (“Forsikring & Pension”)
- DK – Danish Financial Supervisory Authority (“Finanstilsynet ”)
- NL – Dutch Insurance Association (“Verbond van Verzekeraars”)
- NL – Ministry of Finance (“Ministerie van Financiën ”)
- NO – Norwegian Financial Services Association (“Finansnaeringens Hovedorganisasjon”)
- SE – Swedish Insurance Federation (“Sveriges Försäkringsförbund ”)
- UK - Association of British Insurers
- UK – Financial Services Authority
- UK – National Association of Pension Funds



Financial literacy and transparency initiatives and tools in life and pensions



Country survey: Example

Participant:

Survey team:

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ABOUT THIS SURVEY

Introduction

This questionnaire should be completed in conjunction with the attached guidance document. The guidance document details the background to the project. In the guidance document we also define the key concepts of transparency and financial literacy and categorize the key different types of information underlying transparency and financial literacy.

We have also included for your guidance a version of the questionnaire completed by the Danish Insurance Association ("DIA") as a reference guide.

Both the guidance document and the completed Danish questionnaire are intended to make the process of completing this questionnaire easier.

Please note that the focus of our survey extends to information all three pillars and that we consider life insurance products to be included in pillar 3.

Structure of the questionnaire

The questionnaire has the following sections:

Section 1 : Background information on your market.

Section 2 : Details for up to **fifteen (15)** initiatives and tools which you believe are key in helping address the issues around transparency and financial literacy in your market.

Section 3 : Future trends to understand the challenges that you might face and how the market might evolve in the future.

We would appreciate you completing the survey as soon as possible and ideally no later than **September 5th.** Please return the survey using the contact details at the front of this document.

1. BACKGROUND INFORMATION ON MARKETS

In this section we assess the context and drivers of the main initiatives and tools promoting financial literacy and transparency.

1. To what extent are the following organisations involved in promoting financial literacy and transparency?

	Low		Medium		High
a. Regulators / supervisors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Trade Associations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Consumer organisations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Government bodies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Pension provider initiatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Other private pension initiatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Other bodies _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Other bodies _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

-
2. Do you believe there is a co-ordinated national strategy to promote financial literacy and transparency within your market that involves all relevant stakeholders?

Yes ☐ No ☐

If answer to (1) is yes then who is leading the co-ordinated strategy? _____

If answer to (1) is yes then is there a clearly defined goal / objective of the strategy? (Please provide relevant document or reference)

3. Has a baseline survey of the level of financial literacy been conducted in your country?

Yes ☐ No ☐

4. What do you think are the issues that are highest on the agenda for the following organisations? *[Please tick up to 3 for each organisation]*

Issues/ Organizations	Availability or quality of general information about the pension system, pensions and life insurance products, providers	Availability or quality of general information on security of benefits – guarantees etc.	Availability or quality of information on costs of providing services	Availability or quality of information about service standards	Availability or quality of information on comparison of products or providers	Availability or quality of information on the choices / options available to the consumer	Availability or quality of education programmes for the general public, at schools or work place or for specific sections of the public e.g. young people	Availability or quality of information on level of accumulated benefits for consumers	Availability or quality of tools for retirement planning for consumers	Other 1 _____	Other 2 _____
Government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supervisors / regulators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trade bodies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consumer organisations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Media	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Are there any other comments that you would like to make about your market?

II. DETAILS OF UP TO 15 INITIATIVES AND TOOLS THAT ARE IMPORTANT IN YOUR MARKET

Please describe the most relevant initiatives and tools aimed at promoting financial literacy and transparency in the life insurance and pensions industry in your market:

(For further information on how to complete this template please see the guidance document provided; also please refer to the completed DIA version of this questionnaire that has been sent to you in order to act as a reference.)

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver	Target	Effect ^{15 16}	Relevance	How promoted?
1									
2									
3									
4									
5									

¹⁵ Please provide the following information on the effectiveness of the initiatives and tools (where possible providing as much relevant statistical information):

- number of website hits;
- number of unique website hits;
- mailings;
- number of questions received;
- telephone contacts;
- feedback on initiatives or tools;
- periodicity with which information on effect is gathered;
- number of members / users
- And any other info that you consider relevant.

¹⁶ The Danish population is approx. 5,4 millions.

[illegible]

III. FUTURE TRENDS

1. To what extent do you believe that the following represent challenges for your market in terms of **transparency**?

	Low	Medium	High	Not relevant
a. Lack of a coherent strategy from stakeholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Lack of interest from consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Lack of resources for promoting transparency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Complexity of the pensions system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Complexity of pension products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Lack of tools / information on products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Lack of tools / information on pension system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Lack of information on pension providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Information provided is too complex for Consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Other 1: Lack of comparison tools _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Other 2 _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Other 3 _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. To what extent do you believe that the following represent challenges for your market in terms of **financial literacy**?

	Low	Medium	High	Not relevant
a. Lack of a coherent strategy from stakeholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Lack of interest from consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Lack of resources for promoting financial literacy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Complexity of the pensions system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Complexity of pension products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Lack of information on personal circumstances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Other 1 _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Other 2 _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Other 3 _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. How do you expect existing initiatives and tools to evolve and / or new ones to emerge in your market in the next 2-3 years?

4. What do you believe will be the stimulus for these new initiatives and tools and / or evolution of existing initiatives and tools?

5. What do you believe will be the biggest obstacle to the evolution of the existing initiatives and tools and or development of new initiatives and tools?

6. To what extent have you investigated the initiatives and tools in development in other European countries?

7. Are there any other comments that you would like to include in relation to this survey?

APPENDIX C – COUNTRY DESCRIPTIONS

We have identified the following five characteristics of particular relevance to the consumers from a financial literacy and transparency point of view:

- **Coverage:** The objective is to provide an indication of the relative importance of each scheme - and the pillars - in the old-age provision of consumers. We have included figures on the percentage coverage of the working population where possible, information on who is typically covered by the schemes described and the general conditions (particular relevant to pillar I schemes).
- **Contributions:** In this category we provided information on the financing of the schemes e.g. whether it is a pay-as-you-go (PAYG) system, contribution based or tax funded. We have also provided information of the general level of contributions and whether the contributions are paid by employer, employee or both.
- **Benefits:** This section focuses on the benefits that are paid out at retirement. It includes the form of the schemes i.e. whether the scheme is defined benefit (DB) or defined contribution (DC). For DB, we mean schemes where the employer guarantees the employee a benefit of a given size typically related to salary. For DC we mean schemes where the employer pays a specified contribution but the corresponding employee benefits are not necessarily guaranteed. In many cases a number of hybrid schemes exist for example DC schemes where the individual is guaranteed a minimum benefit given the size of the contribution. However our analysis only refers to DB and DC schemes based on the predominant characteristics.

There is also information on the pay-out methods (10, 15 or 20 year or lifelong annuities or lump sum) and how the benefits are determined (with-profit or unit-linked schemes, with or without guarantees on benefits). The shape of the future benefits is a key factor in understanding the level of complexity a consumer is faced when trying to assess the adequacy of the pension provision of the scheme.

- **Product:** All the schemes described typically provide retirement benefits. In this section we consider potential benefits such as disability cover, survivors' and/or dependants' benefits, and in some cases other insurance cover.

We have also included information on the relative importance/share of unit-linked products in the scheme described and where relevant life insurance products as well. This information allows us to better understand the type of information a consumer may be interested in and the level of complexity faced within a particular market.

■ **Choices:** Here we summarise the areas that a consumer may have to influence the key characteristics of a given scheme including:

- coverage (e.g. possibility to choose disability or survivors' benefits)
- contributions ((e.g. to make voluntary additional payments)
- pay-out method (annuities or lump-sum)
- retirement age (deferred or early retirement)
- investments (possibility to influence the investment of capital e.g. in unit-linked products)
- the possibility to contract in/out of a scheme.

This information is key to understanding the degree of responsibility placed on the consumer as well as the level of complexity a consumer is faced with in a particular market.

In the end, the focus is on the broad outline and general characteristics of the selected markets. We have therefore left out descriptions of some specific schemes only applicable to very limited number of people e.g. certain civil servants pensions.

Generally, we have not included descriptions of early retirement schemes and at times we have chosen to leave out references to specific exceptions to the general rules in order to preserve the general overview.

Germany - Pillar 1	Coverage	Contributions	Old-age Benefits	Product	Choices
The Statutory State Pension "Gesetzliche Rentenversicherung" - GRV	<p>The GRV - the Statutory Pension Insurance - is compulsory for all private sector employees as well as for public sector employees (except civil servants). The self-employed may contribute to the state pension¹⁷ on a voluntary basis. GRV covers approx. 82% of the working population.</p> <p>There are special pension schemes for liberal professions and tax-financed pensions for civil servants. The statutory pension insurance is still the primary source of income for retirees, accounting for 3/4 of old-age income, but income from pillar II and particularly pillar III will play an increasing role.</p>	<p>GRV is PAYG and financed by wage-based contributions and a state subsidy. The contribution rate is presently 19.9%, which is shared equally between employer and employee.</p>	<p>The benefits from GRV are earnings-related.</p> <p>Benefits are calculated on the basis of personal earnings points (<i>Entgeltpunkte</i>) earned according to contributions made. The minimum qualifying period to be eligible for pension benefits is 5 years. However, people on maternity leave, sick leave or in case of unemployment or military service can also earn points contribution-free (tax-financed or as part of the social security benefits)¹⁸.</p> <p>Retirement age is 65 but will gradually increase to 67 in 2029. See information under "choices". Until 2005 benefits were adjusted according to:</p> <ul style="list-style-type: none"> • changes in the average gross wage, and • changes in contribution rates to the statutory pension, the voluntary occupational schemes and personal pension schemes. <p>In 2005 an extra 'mechanism' was introduced - the so-called <i>Nachhaltigkeitsfaktor</i>, which is a sustainability factor that links the indexation of benefits to the dependency ratio (the ratio of pensioners to contributors).</p>	<p>Lifelong old-age provision. GRV also includes widows'/ widowers' (survivors') benefits amounting to 25% of old age benefits or 60% if the recipient is the parent of a child/children under 18, or the recipient is older than 45. Survivor benefits for amount to 25–55% of old age benefits (dependent on personal circumstances).</p> <p>Benefits for orphans amount to 10–20%.</p>	<p>Insured/members have no possibility to influence/make choice in regards to (due to the statutory pension system):</p> <ul style="list-style-type: none"> • contribution: No choice for private and public sector employees covered (only for self-employed, who contribute on a voluntary basis). • coverage • investments • pay-out method of benefits • No possibility for contracting in/out: except for self-employed that can contract in <p>Insured/members can influence:</p> <ul style="list-style-type: none"> • Retirement age: choice available as to retirement age: 65 is the official retirement age¹⁹ – this will gradually increase to 67 from 2012 to 2029. Early and late retirement is possible: • Benefits are reduced by 3.6% per year of early retirement • Retirement may be deferred earning the retiree an increment of 6% per year.

¹⁷ However, they can only contribute to pension (old-age provision) of the state scheme. They are not covered by the disability and survivors benefits in the statutory scheme.

Germany - Pillar 2	Coverage	Contributions	Old-age Benefits	Product	Choices
Occupational pension schemes (majority voluntary)	<p>Since 2001 employees are legally entitled to convert wages to contributions to a funded occupational pension scheme (<i>Entgeltumwandlung</i>).</p> <p>Employers have a number of options²⁰ in implementing occupational pension schemes. For some employees an occupational pension scheme is part of a collective agreement and thus compulsory²¹.</p> <p>Approx. 65% of private and public sector employees have an occupational pension scheme.</p>	<p>Financing varies, but schemes are usually funded.</p> <p>The contributions are capped at 4% of the contribution ceiling to the statutory scheme. Plus annually 1,800 € (tax free but subject to social security contributions).</p> <p>Contributions are paid by employer, employee or split by the two.</p> <p>When wages are converted it is the employees who pay the contributions.</p>	<p>Entgeltumwandlung schemes are DC-schemes with a guaranteed minimum benefit (with-profit). Earlier schemes are DB-schemes.</p> <p>In the DB-schemes benefits are linked to the final salary or average salary of the insured.</p> <p>In DC-schemes benefits depend on the contributions made, costs and the return of investment and average life expectancy for scheme participants.</p> <p>Before 2005 lump-sum payments were most common. But now benefits are generally paid-out as annuities²². The retirement age is linked to the retirement age in Pillar I i.e. 65/67 years.</p>	<p>Old-age provision. Typically, the schemes include survivors'/ dependents' benefits and disability cover.</p>	<p>Generally, members/insured have the possibility to influence/ make choices in regards to²³:</p> <ul style="list-style-type: none"> • contribution: in the deferred compensation schemes • coverage: depending on the employer's choice of scheme, members can make choices in regards to disability and/or survivors' benefits • investments: depending on the employer's choice of schemes, there may be some choice as to investments (but only in DC-schemes and with respect to the capital maintenance guarantee that provides certain restrictions) • retirement age: is linked to the statutory pension system in pillar I. Mostly, it is possible to defer retirement <p>Generally, members/ insured have no possibility to influence:</p> <ul style="list-style-type: none"> • pay-out method of benefits • no possibility for contracting in/out of schemes (except in schemes with very small entitlements)

¹⁸ In case of military service and maternity leave contributions entitling to personal earnings points are tax finance. In case of unemployment and sick leave contributions are part of the social security benefits (statutory unemployment pension insurance).

¹⁹ However, persons born 1952 or later may retire at 63 if they have paid contributions for 35 years including 8 years immediately before retiring.

²⁰ Employers can choose between organizing the scheme in one of the following five forms: book reserve, "Unterstützungskasse", direct insurance, "Pensionskasse", or pension funds.

²¹ Examples are in the Chemical Industry and in the Construction Industry.

²² The shift to annuities is due to changes in the tax rules in 2005.

Germany - Pillar 3	Coverage	Contributions	Old-age Benefits	Product	Choices
Subsidised Riester-Renten (Voluntary/individual personal schemes)	<p>Only persons eligible for GRV in pillar 1 are eligible for <i>Riester-Renten</i>.²⁴</p> <p>Eligible persons can choose between different products that qualify as Riester-Renten products (see information under "product" for more details on qualifying products).</p> <p>As of May 2008 11 million Germans had signed up for a Riester-Renten²⁵.</p>	<p>Riester-Renten are funded by contributions from insured and, in some cases, government subsidies.</p> <p>Subsidies may take the form of direct contribution to individual accounts or tax exemption depending on which is more advantageous.</p> <p>The contributions to a Riester product are fixed at 4% of income (including government contribution if any).</p> <p>For persons with low income, there is a minimum contribution (<i>Sockelbeitrag</i>) of 90 euros per year.</p>	<p>Riester-Renten must be paid out as lifelong annuities.</p> <p>Riester-Renten are DB-schemes. Benefits must be guaranteed (there is a minimum requirement of a capital maintenance guarantee).</p> <p>Generally the benefits depend on the contributions made, costs and the return of investment. The retirement age is linked to the retirement age in Pillar I i.e. 65/67 years.</p>	<p>Life-long old-age provision. Typically the schemes include survivors'/dependents' benefits and disability cover.</p> <p>Riester-Renten products eligible for subsidies include:</p> <ul style="list-style-type: none"> • pension insurance • capitalization products • Bank accounts with accumulated interests • Shares in growth and distributing investment funds. <p>Products must comply with a number of requirements concerning disbursement, guarantees, costs and information. The Certification Authority in Germany has to approve the products.</p>	<p>As the schemes are voluntary insured/members have the possibility to influence most elements:</p> <ul style="list-style-type: none"> • coverage: insured are free to choose between the different qualifying products and usually the insured can make choices in regards to e.g. survivors' and disability benefits • investments: can be influence by the individual's right to decide freely among the qualifying products from different providers • Possibility for contracting in/out: as Riester-Renten are voluntary schemes insured are free to contract in. The conditions for contracting out are typically regulated in the terms of the contract. <p>Insured/members have no possibility to influence:</p> <ul style="list-style-type: none"> • contribution: contribution rates are regulated by law (as is the form of subsidies /disbursement) • retirement age: is linked to the retirement age in pillar I • pay-out method of benefits: it has to be paid-out as life-long annuities.

²³ Generally the possibility of members to make choices and adjustments in relation to individual scheme are in principle regulated in the pension contract and thus dependant on the choices made by the employer or by the social partners in the collective agreement.

²⁴ *Riester-Renten* were introduced in 2002 to strengthen the second and third pillars of the German pension system at the same time alleviating the pressures on the German first pillar.

²⁵ Since 2005 self-employed and others not eligible for Riester-Renten may contribute to a *Rürup Rente* that is similar to *Riester-Renten*.

Germany - Pillar 3	Coverage	Contributions	Old-age Benefits	Product	Choices
Private Pension Schemes / Personal life insurance (Voluntary)	<p>The private schemes are available to everybody and can be taken out with an insurance provider (a life insurance company or a bank).</p> <p>Often a private scheme is established by a person with insufficient funds from pillar I and II</p> <p>There are approx. 94 million personal pension / life insurance contracts presently in Germany</p>	<p>Contributions are made in accordance with the individual pension contract or life insurance contract.</p>	<p>The personal pension schemes are fully-funded DC schemes or life insurance products.</p> <p>Most are individual life insurance policies.</p> <p>The benefits in DC-schemes depend on the value of contributions made, costs and return on investments.</p> <p>In life insurance contracts the benefit/insurance sum is stipulated in the contract.</p>	<p>Old-age provision and life insurance cover.</p> <p>A personal pension scheme can be established with only an old-age benefit but typically there will be an option to include different risk covers like survivors' or disability benefits.</p> <p>In 2006 12.2% of total life contributions went to unit-linked products.</p>	<p>In private pension schemes members have the possibility to influence all the relevant elements:</p> <ul style="list-style-type: none"> • contributions • coverage • pay-out method of benefits • retirement age. However, there is a special tax regime linked to a minimum retirement age of 60 years) • Investments - In unit-linked members have the possibility to make individual investment choice or to have the provider make the investment choices on their behalf. • Since the schemes are voluntary a members can contract in/out according to the terms and conditions of the specific pension contract.

Denmark - Pillar One	Coverage	Contributions	Old-age Benefits	Product	Choices
The National Pension <i>("Folkepensionen")</i>	<p>All Danish citizens residing in Denmark at the age of 65, but with a minimum requirement of residence in Denmark in 3 years²⁶.</p>	<p>No contributions are required as the scheme is a tax-financed PAYG scheme.</p>	<p>A full public pension requires 40 years' residence. Shorter periods qualify for a pro-rated benefit.</p>	<p>Life-long old age provision.</p> <p>A person is guaranteed a certain minimum basic income as well as an income-tested supplement</p>	<p>Insured/members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> • contribution (tax financed) • coverage • investments • pay-out method of benefits • no possibility for contracting in/out <p>Insured/member can influence:</p> <ul style="list-style-type: none"> • retirement age: benefits cannot be claimed before 65. However, retirement can be deferred in which case the pension is increase according to actuarial calculations
The Labour Market Supplementary Pension - "APT" <i>("Arbejdsmarkedets tillægspension")</i>	<p>The ATP is compulsory for all employees working a minimum of 9 hours a week.</p> <p>The scheme is optional for self-employed people and persons receiving early retirement benefits or disability pensions.</p>	<p>Contributions to the ATP are fixed at a modest amount independent of salary. 2/3 of contributions are paid by the employer and 1/3 by the employee.</p> <p>Maximum annual contribution is approx. 400 Euros.</p>	<p>The ATP is a DC-scheme thus the benefits depend on the contributions made (hours worked), costs and the return of investment.</p> <p>A full entitlement requires a full career of contributions.</p>	<p>Old age provision.</p> <p>The APT is a DC with profit scheme.</p> <p>Benefits are paid-out as life annuity payable from 65- 67 years old (depending on when a person was born).</p> <p>The scheme includes death benefits. A lump sum is paid out to the beneficiary upon the death of the policyholder before retirement.</p>	<p>Insured/members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> • contribution (fixed amount) • coverage • investments • pay-out method of benefits • no possibility for contracting in/out <p>Insured/members can influence:</p> <ul style="list-style-type: none"> • retirement age: retirement can be deferred until 70 years old with the result that the pension is increase

²⁶ Also non-Danish citizens that have resided in Denmark for 10 years – the last 5 years before retirement – are entitled to national pension.

Denmark - Pillar One	Coverage	Contributions	Old-age Benefits	Product	Choices
The Special Retirement Savings – "SP" <i>("Særlige pensionsopsparing")</i>	<p>The SP is compulsory for all employees, self-employed and people who receive unemployment or sickness benefits.</p>	<p>Contributions to the SP are fixed at 1 % of the salary.</p> <p>However, contributions to the SP have been suspended since 2004²⁷.</p>	<p>The SP is a DC-scheme, thus the benefits depend on the contributions made (earnings), costs and the return of investment.</p> <p>A full entitlement requires a full career of contributions.</p>	<p>Old age provision.</p> <p>The SP is a DC unit-linked scheme.</p> <p>Benefits are paid out as 10-year annuity payable from 65 -67 years old (depending on when a person was born).</p> <p>No insurance cover included in the scheme. Upon death before retirement the value of the savings is paid out to the estate.</p>	<p>Insured/members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> • contribution (fixed % of salary) • coverage • pay-out method of benefits • retirement age <p>Insured/members can influence:</p> <ul style="list-style-type: none"> • investments: since 2005 members have been able to choose their investment manager and portfolio (on-line facilities) • possibility for contracting in/out

Denmark Pillar Two	Coverage	Contributions	Old-age Benefits	Product	Choices
Occupational Pension Schemes <i>(Compulsory)</i>	<p>More than 90% of full-time employees are covered by a mandatory occupational pension scheme.</p> <p>Most employees are covered via collective agreements negotiated by the social partners.</p> <p>Some employees not</p>	<p>Generally contributions are set between 12 % and 17% of qualifying income.</p> <p>Typically the employers are obliged to pay 2/3 of the contribution and the employee pays 1/3. This is decided either in the collective agreement or in the individual employment contract.</p>	<p>Schemes are generally DC-schemes, thus benefits depend on the contributions made, costs and the return of investment – but also on average life expectancy for scheme participants.</p>	<p>Old-age provision.</p> <p>Typically occupational pension schemes also include death, disability and survival benefits. In addition, most schemes include cover for certain critical illnesses i.e. the insurance entitles a member to a lump-sum in the event of a critical illness²⁹.</p> <p>The schemes are DC-schemes and are either (guaranteed) with-profit or unit-linked. In 2006 2,1 million Danes contributed to an occupational</p>	<p>Generally, insured/members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> • contribution: no possibility to decrease the contributions. However, in most schemes member have the possibility to make voluntary additional contributions • no possibility for contracting in/out; however, in case of job changes "the job change agreement" (between pension providers) makes it possible to "transfer"

²⁷ Contributions to the SP were suspended as result of an economic-policy agreement in order to boost consumption and increase employment.

²⁸ The employees on the Danish labour market that do not have an pillar two pension scheme are typically those with a weak attachment to the labour market or those not covered by collective agreements.

²⁹ The critical conditions that constitute insured events are specified in the pension contracts.

Denmark Pillar Two	Coverage	Contributions	Old-age Benefits	Product	Choices
	covered by collective agreements are instead covered by company-specific pension agreements offered by the individual companies to all employees ²⁸ .			<p>pension schemes out of those approx. 700.000 are unit-linked schemes, while approx. 1,4 million are with-profit schemes. There is a trend towards growing importance of unit linked products.</p> <p>The old-age benefits are typically designed as a mix between lump-sum payment and annuities (often 10-15 years or life-long).</p> <p>Typically, the survival and disability benefits can also be designed as a mix between lump-sum payments and annuities.</p>	<p>the savings of the schemes to another occupational pension scheme for no or very small fee</p> <p>In most schemes members can generally influence³⁰:</p> <ul style="list-style-type: none"> • coverage: <ul style="list-style-type: none"> ○ survival/death benefit: can be a mix of lump-sum and annuities (10, 15, 20 years or life-long) to spouse, nominated beneficiary and/or dependent children (until ages 18, 21, or 24). Some also give the possibility of no death benefits ○ disability benefit: can be a mix of lump-sum and annuities (10, 15, 20 years or life-long). Also the cover can be set at certain % of the salary. Usually it can be set between a given minimum and maximum determined in the collective agreement. Usually no possibility to cancel cover • pay-out method of benefits: usually a member can choose to have the benefits paid out as a mix of a lump-sum payment and annuities (10, 15, 20 years or life-long) or only in annuities • investments: many schemes offer

³⁰ The possibility of members to make choices and adjustments in relation to individual scheme are in principle regulated in the pension contract (within the framework of the collective agreement).

Denmark Pillar Two	Coverage	Contributions	Old-age Benefits	Product	Choices
					<p>members a choice between with-profit or unit-linked.</p> <p>In unit-linked members have the possibility to make individual investment choice or to have the provider make the investment choices on their behalves. When choosing the first, members typically have the possibility to invest in funds or pools preselected by the pensions provider. The majority of members of schemes in pillar 2 with unit-linked products choose to have the pension provider to make the investment choices</p> <ul style="list-style-type: none"> retirement age: usually benefits cannot be paid out before 62-65 years old. Mostly, it is possible to defer retirement

Denmark - Pillar Three	Coverage	Contributions	Old-age Benefits	Product	Choices
Private Pension Schemes <i>(Voluntary)</i>	<p>The private schemes are available to everybody. A private scheme is established for different reasons and purposes. Often a private scheme is established by a person with insufficient funds from pillar Two or by self-employed people, who do not have the possibility to participate in occupational</p>	<p>Contributions are made in accordance with the individual pension contract or life insurance contract.</p>	<p>The benefits from private pensions solely depend on the value of contributions made, costs and return on investments.</p> <p>Typically there are guarantees of minimum benefits.</p>	<p>Old-age provision and life insurance cover.</p> <p>By virtue of their nature the private voluntary pension schemes are determined by the individual pension contract. Most pension providers of private pensions offer a range of</p>	<p>In private pension schemes insured/members have the possibility to influence all the relevant elements:</p> <ul style="list-style-type: none"> contributions coverage pay-out method of benefits retirement age investments - In unit-linked members have the possibility to make individual investment choice or to have the provider

Denmark - Pillar Three	Coverage	Contributions	Old-age Benefits	Product	Choices
	pension schemes.			<p>pension products that resembles the schemes found under pillar two and consists of the same elements³¹.</p> <p>A person can establish a pension scheme with only an old-age benefit but will also have the option to choose and include different risk covers. Banks offer pure savings products.</p>	<p>make the investment choices on their behalf</p> <ul style="list-style-type: none"> possibility for contracting in/out: since the schemes are voluntary a members can contract in/out according to the terms and conditions of the specific pension contract

Have there been any recent or planned reforms in the pension system in Denmark?

In 2006 the so-called *Welfare Reform* was passed by a solid majority in the Danish parliament. The reform means that the official pension age will gradually be raised from 65 to 67. At the same time the earliest age at which you are eligible for the early retirement benefit is raised from 60 to 62. The changes will have full effect from 2027. The reform also features an automatic regulating mechanism which means that the official retirement age/early retirement benefit age is raised if life expectancy goes up.

Additional Relevant Information:

A Note on the Danish Early Retirement Scheme

The early retirement scheme ('*efterløn*') was introduced in the 70s when unemployment was very high. The idea was to provide incentives for employees aged 60 to 65 to retire and thus create job opportunities for younger unemployed. Economists and many politicians have long argued for the abolition of the scheme, which is a fiscal liability and no longer motivated by high unemployment. But the scheme, which is legally and institutionally a part of the Danish unemployment insurance system, is now regarded by most people as an integrated part of the Danish pension system. However, steps have been taken to provide incentives for not making use of the scheme. One example is the so-called 'tax exempt premium' payable to persons who are eligible for the schemes but who does not make use of it. See also the note on the 'Welfare Reform' above.

³¹ However, in pillar III schemes there are typically even more flexibility in regards to the design of the scheme. This is of course due to the fact that there are no underlying agreements (like the collective agreements in pillar two) that predetermine the framework of the pension scheme. In principle only the regulation sets the boundaries for the elements of the pension scheme.

Netherlands - Pillar One	Coverage	Contributions	Old-age Benefits	Product	Choices
The State Pension - AOW ("Algemene Ouderdomswet")	All residents that have been living in the Netherlands between age 15 and 65 are entitled to partial or non-partial AOW at the age of 65.	<p>The AOW is financed by wage-earner contribution and is a PAYG system.</p> <p>A certain % of the income is fixed every year to cover the expenditures, but with an upper limit on contributions³².</p> <p>Generally contributions are approx. 18% of the salary up to a maximum of approx. 31.000 euro.</p>	<p>The AOW is a flat-rate pension. The AOW is not means or income-tested.</p> <p>A full basic AOW requires 50 years of residence in the Netherlands between age 15 and 65. The basic pension accrues at 2% of the full value for each year a person lives in the NL.</p> <p>The AOW benefit level is related to the net minimum wage. A full benefit guarantees 70% of the net minimum income³³.</p>	<p>Old-age provision.</p> <p>A Dutch resident is guaranteed a minimum flat-rate basic income depending only on the number of years lived in the country.</p> <p>The AOW scheme includes a supplementary allowance for partners of beneficiaries who are under 65 and have either no income or an income below a certain level</p>	<p>Insured/members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> • contribution • coverage • investments • pay-out method of benefits • retirement age: No possibility for early or late retirement. It is however, possible to combine AOW receipt with work • no possibility for contracting in/out.

Netherlands - Pillar Two	Coverage	Contributions	Old-age Benefits	Product	Choices
Occupational Pension Schemes	<p>More than 96% of Dutch employees are covered by an occupational pension schemes³⁴.</p> <p>There is no statutory obligation for</p>	<p>Contributions are only paid on the amount above the level of the AOW (the <i>franchise</i>)</p> <p>On average, the contributions amount to approx. 17% of qualifying income³⁶.</p>	<p>The schemes are capital-funded and the vast majority are DB-schemes (approx. 92%).</p> <p>Most commonly the DB-schemes base the benefits on the average salary an employee has built up during his/her entire career.</p>	<p>Old-age provision.</p> <p>In addition, most pillar II schemes provide for surviving relatives benefits. Many schemes also include a right to disability (inability to work) benefits.</p> <p>The old-age benefits in DC-schemes are either annuities or a lump-sum payment with which the employee are obliged to buy an</p>	<p>Generally, members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> • contribution: members have no possibility to individually influence contributions (only via the social partners) • investments: members have no direct choice as to investment of the capital • no possibility for contracting in/out

³² Financing shortfalls are financed via general revenues. An AOW Reserve Fund has been established to help finance benefits in 2020. The Reserve Fund is financed by annual government deposits.

³³ The net minimum income is approx. 1000 euro a month for a single and 700 euro each for a couple.

³⁴ The schemes in pillar II are placed with industry-wide pension funds, company pension funds or with pensions insurers.

Netherlands - Pillar Two	Coverage	Contributions	Old-age Benefits	Product	Choices
	employer to offer pillar II schemes. Most workers are covered via collective labour agreements (CAO) negotiated by the social partners. A CAO is binding upon all employers and employees in a sector ³⁵ .	Contributions are generally paid by both employee and employer. Typically, contributions are divided 50/50 or 2/3-1/3 between the employer and the employee. In DB schemes (vast majority) contributions are the same for all members to a scheme normally an equal % of their salary.	The average-salary schemes have almost completely replaced the final salary schemes that were based on the final salary of the employee. The occupational pension schemes are integrated with the pillar I state pension schemes (AOW) via the so-called "franchise" ³⁷ . In DC-schemes benefits depend on the contributions made, costs and the return of investment and average life expectancy for scheme participants.	annuity.	Generally, members are in most schemes able to influence ³⁸ : <ul style="list-style-type: none"> coverage: in regards to coverage members are by law ensured the choice to have survivor's benefits included in the coverage or not. If a member chooses not to have the coverage included, the future benefits are increased pay-out method of benefits: the possibilities to influence pay-out methods vary between the schemes. If the benefits are paid-out as a lump sum, it has to be used to buy an annuity. Retirement age: in case of early or late retirement, the benefits are lowered or increased. In case where it is not possible to defer benefit payment it is possible to combine the receipt of benefits with part time work.

Netherlands - Pillar Three	Coverage	Contributions	Old-age Benefits	Product	Choices
Private Pension Schemes <i>(Voluntary)</i>	The private schemes are available to everybody and can be taken out with an insurance provider ³⁹ .	Contributions are made in accordance with the individual pension contract or life insurance contract.	Pillar III schemes provide personal annuities. The schemes are fully-funded DC schemes or life insurance products. Most are individual life insurance	Old-age provision and life insurance cover. Individual pension provisions in pillar III can either be annuity insurance or endowment insurance. <i>Annuity insurance</i> entitles the insured to either	In private pension schemes insured/members have the possibility to influence all the relevant elements: <ul style="list-style-type: none"> contributions coverage pay-out method of benefits retirement age: however, the possibilities of early

³⁵ The social partners of an industry sector can request the Minister of Social Affairs and Employment to make participation in an industry-wide pension fund mandatory. An employer may opt out if they offer a pension scheme with equivalent benefits in a company pension fund or a life insurer.

³⁶ Contributions are decided by directors of the pension fund, but based on policy made by social partners.

³⁷ Most schemes have a target total pension benefit (replacement rate) at 70% of the average salary, when including both benefits from the AOW state pension and the pillar II schemes. This means that the private pillar II pension is reduced by a so-called *franchise* amount corresponding to the AOW.

³⁸ Generally, the possibilities of members to make other choices and adjustments in relation to individual scheme are regulated in the pension contract (within the framework of the collective agreement).

³⁹ Pillar III schemes can be taken out with both a life insurance company and a bank.

Netherlands - Pillar Three	Coverage	Contributions	Old-age Benefits	Product	Choices
	Often a private scheme is established by a person with insufficient funds from pillar I and II	.	<p>policies.</p> <p>The benefits in DC-schemes depend on the value of contributions made, costs and return on investments.</p> <p>In life insurance contracts the benefit/insurance sum is stipulated in the contract.</p>	<p>a:</p> <ul style="list-style-type: none"> fixed, consistent and periodic benefit, or a unit-linked products where the periodic benefit depend on the underlying investments. <p><i>Endowment insurance</i> is an agreement (Life insurance) providing for a lump-sum payment at the end of a specified period or on the death, if death occurs meanwhile.</p> <p>People in the NL can also save with fiscal benefits for leave during their working time: It is the so-called Life Course Saving Schemes. Products are offered as individual accounts or insurance products.</p>	<p>and late retirement have been limited by new fiscal policy in 2007⁴⁰.</p> <ul style="list-style-type: none"> Investments - In unit-linked members have the possibility to make individual investment choice or to have the provider make the investment choices on their behalf. Contracting in/out: since the schemes are voluntary a members can contract in/out according to the terms and conditions of the specific pension contract.

⁴⁰ In the life insurance fiscal policy from 1. January 2007 early retirement is no longer fiscal "benefited". Only under the so-called life course saving schemes people can save for full time leave before the actual pension date.

Norway - Pillar One	Coverage	Contributions	Old-age Benefits	Product	Choices
The Basic State Pension – "Grunnpensjon" <i>(1st tier of the public pension "Folketrygden")</i>	Persons with a residence period in Norway of at least three years between the ages of 17 and 67. About 60% of average old-age pension income comes from the pillar I schemes – the three tiers form the public pension "Folketrygden" ⁴¹ .	No contributions are made. The scheme is financed as a PAYG system ⁴² .	The Basic pension is a flat rate basic pension equalling the Basic Amount ⁴³ A full pension is granted after 40 years. Benefits are reduced proportionally for shorter residence periods. Benefits are reduced to 85% of the Basic Amount for persons married to someone with higher income etc. The pension is not depending on a person's earlier income.	Life-long old-age provision. Life-long pension can be received from the age of 67. Benefits from the basic pension and from the special supplement form the minimum pension that Norwegian residents are guaranteed depending on number of years lived in the country. The basic state pension also includes disability pension, spouse pension and children's pension.	Insured/members have no possibility to influence/make choice in regards to: <ul style="list-style-type: none"> • contribution • coverage • investments • pay-out method of benefits • no possibility of contracting out. Insured/members generally have some choice in regard to: <ul style="list-style-type: none"> • retirement: no possibility of early retirement. But the pension can be deferred after 67. People can combine working with receiving pension. Pension points are earned when working after 67 until 70. The benefit for age-group 68-70 is income-tested against labour income.
The Special Supplement to the State Pension – "Særtilllegg" <i>(2nd tier of the public pension)</i>	Persons with a residence period in Norway of at least three years between the ages of 17 and 67. About 60% of average old-age pension income comes from the pillar I schemes – the three tiers form the public pension "Folketrygden".	No contributions are made. The scheme is financed by the State's Pension Fund and is a PAYG system.	The special supplement is a flat rate supplement equalling 94% of the Basic Amount for single persons. But it is lower for married persons with high income etc. The full supplement is granted after 40 years. Benefits are reduced proportionally for shorter	Life-long old-age provision. Life-long pension from the age of 67. Benefits from the Special Supplement and from the Basic pension (see above) form the minimum pension that Norwegian residents are guaranteed depending on number of years lived in the country.	Insured/members have no possibility to influence/make choice in regards to: <ul style="list-style-type: none"> • contribution • coverage • investments • pay-out method of benefits • no possibility of contracting out. Insured/members generally have some choice

⁴¹ Information provided by the Norwegian Financial Services Association with reference to "Statistics Norway", 2005.

⁴² A speciality for Norway is the establishment of the Government Pension Fund ("Statens pensjonsfond"), but the Fund is not as the name may indicate earmarked for government expenditures of pensions. The Government Pension Fund may be used to cover all kinds of government expenditures.

⁴³ The Basic Amount is used to determine a number of benefits under the National Insurance Scheme. The Basic Amount in 2008 70.256 NOK = 8.478 Euros equivalent to 18% of average earnings.

Norway - Pillar One	Coverage	Contributions	Old-age Benefits	Product	Choices
<i>"Folketrygden"</i>			<p>residence periods.</p> <p>The supplement is withdrawn against the Earnings-related State pension (tier 3) – see below.</p> <p>The pension is not depending on a person's earlier income.</p>	The Special Supplement also includes disability pension, spouse pension and children's pension.	<p>in regard to:</p> <ul style="list-style-type: none"> retirement: no possibility of early retirement. But the pension can be deferred after 67. People can combine working with receiving pension. Pension points are earned when working after 67 until 70. The benefit for age-group 68-70 is income-tested against labour income.
<p>The Earnings-related State Pension</p> <p>-</p> <p>"Tilleggspensjon"</p> <p><i>(3rd tier of the public pension "Folketrygden")</i></p>	<p>Persons with at least three years of annual pension point earnings.</p> <p>The number of points earned depends on years of paid work and the size of the salary.</p> <p>About 60% of average old-age pension income comes from the pillar I schemes – the three tiers form the public pension "Folketrygden".</p>	<p>No contributions are made. The scheme is financed by the State's Pension Fund and is a PAYG system.</p>	<p>Income between 1 and 12 times the Basic Amount each year gives earning of pension points.</p> <p>Full pension is granted after 40 years. Benefits are reduced proportionally for shorter earnings periods.</p> <p>The calculation uses the best 20 years of point earnings. Thus the pension is depending on a person's earlier income.</p>	<p>Life-long old-age provision.</p> <p>A lifelong old-age pension from the age of 67. The size of which depends on earnings in pre-retirement.</p> <p>The Earnings-related state pension also includes disability pension, spouse pension and children's pension.</p>	<p>Insured/members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> contribution coverage investments pay-out method of benefits no possibility of contracting out <p>Insured/members generally have some choice in regard to:</p> <ul style="list-style-type: none"> retirement: no possibility of early retirement. But the pension can be deferred after 67. People can combine working with receiving pension. Pension points are earned when working after 67 until 70. The benefit for age-group 68-70 is income-tested against labour income.

Norway - Pillar Two	Coverage	Contributions	Old-age Benefits	Product	Choices
Occupational Pension Schemes - Employees in the Public Sector <i>(Mandatory)</i>	<p>There are occupational pension schemes for all employees in the Public Sector.</p> <p>Public sector employees generally include two groups: those employed in the central government⁴⁴ and those employed in the municipalities etc⁴⁵.</p> <p>The schemes for the two groups are for the most part fairly similar.</p>	<p>The schemes for employees in the central government are financed as a PAYG system, whereas the schemes for employees in municipalities etc. are not.</p> <p>In both cases the contribution to be paid by the employer is 2% of the income for each employee.</p>	<p>The schemes are DB schemes.</p> <p>Benefits from the pillar II schemes - in combination with benefits from the public pension "Folketrygden" - provides members with total old-age benefits equal to 2/3 of the final salary at age of 67 (or even earlier for some types of workers).</p>	<p>Life-long old-age provisions.</p> <p>The schemes also include disability pension, spouse pension and children's pension.</p>	<p>Members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> contribution: in schemes for employees with central government the contribution is decided by law. In schemes for employees in municipalities etc. contributions are decided in agreements between employers and employees coverage investments pay-out method of benefits no possibility of contracting out <p>Members generally have some choice in regard to:</p> <ul style="list-style-type: none"> retirement: no possibility of early retirement. But the pension can be deferred after 67. People can combine working with receiving pension.
Occupational Pension Schemes - Employees in the Private Sector	<p>All employees in the private sector are covered by an occupational pension scheme.</p> <p>Since 2006 a new law have obliged all employers to set up a pension scheme</p>	<p><i>In DC schemes:</i></p> <p>All employers are by law required to make a minimum contribution to a DC pension scheme of 2% of earnings of their employees.</p>	<p>Benefits can be taken out at age 67.</p> <p>The benefits must be paid-out in annuities over a period of minimum 10 years. The employees can choose the period of pay-out, but lifelong</p>	<p>Old-age provision.</p> <p>The schemes must also (by law) include insurance cover for contribution-free status in case of disability (i.e. premium exemption).</p> <p>Most of the schemes only include old-</p>	<p>Generally, members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> contributions: decided by law for the employer coverage: members only have the possibility to influence the cover of the schemes indirectly through negotiations

⁴⁴ The schemes for employees in the central government are administered by "Statens pensjonskasse" (www.spk.no).

⁴⁵ The schemes for employees in municipalities etc. are administered by private life-insurance companies or municipality pension funds.

⁴⁶ Information provided by the Norwegian Financial Services Association with reference to "Statistics Norway", 2005. -

Norway - Pillar Two	Coverage	Contributions	Old-age Benefits	Product	Choices
(Mandatory)	<p>("obligatorisk tjenestepensjon")</p> <p>The obligation covers all employees that are older than 20 years old and who works 20% or more of normal full time employment.</p> <p>The pension scheme may either be a DC or a DB pension scheme.</p> <p>About 17% of average old-age pension income comes from the pillar II occupational pension schemes⁴⁶.</p>	<p>Contributions are only required on earnings between 1 and 12 times the Basic Amount.</p> <p><i>In DB schemes:</i> If the employer instead offers a DB scheme the benefits must at least equal the expected benefits under the mandatory 2% contribution to a DC scheme.</p> <p>It can be decided by the employer that the employee also have to contribute to the pension scheme. However, this does not reduce the obligations of the employer. Generally this is not the case – normally the contribution of the employee is close to zero.</p>	<p>pay-out must be decided before the pay-out begins.</p> <p>Generally, in DC schemes the benefits will depend on the contributions made, costs and the return of investment – but also on average life expectancy for scheme participants.</p> <p>Normally benefits in DB schemes are life-long. But the minimum requirement of a minimum pay-out period of 10 years also applies to DB schemes. The benefits in DB schemes are predetermined in the agreement.</p>	<p>age pension and the obligatory cover of premium exemption. But many schemes also include disability, spouse and children's pension.</p> <p>Most DC schemes are not with guaranteed benefit, they are unit-linked.</p>	<p>between employers and employees when deciding a new pension scheme or changes in a existing pension scheme.</p> <ul style="list-style-type: none"> no possibility for contracting in/out. <p>Members generally have some choice in regard to:</p> <ul style="list-style-type: none"> retirement: no possibility of early retirement. But the pension can be deferred after 67 and work can be combined with receiving pension pay-out method of benefits (see under "old-age benefits") <p>Members have the possibility to make choice in regards to:</p> <ul style="list-style-type: none"> investments: Members can typically choose between with-profit and unit-linked product. In the unit-linked products there are generally no restrictions - a member can invest freely in the funds available.

Norway - Pillar Three	Coverage	Contributions	Old-age Benefits	Product	Choices
Individual Pension Schemes	<p>The individual schemes are available to everybody.</p> <p>Often an individual scheme</p>	<p>Contributions are made in accordance with the individual pension contract or life insurance scheme⁴⁷.</p>	<p>The schemes are fully-funded DC schemes.</p> <p>The size of benefits depend on</p>	<p>Old-age provision and life insurance contracts.</p> <p><i>Personal Annuities:</i></p>	<p>In private pension schemes members have the possibility to influence all the relevant elements:</p>

⁴⁷ In Norway life insurance contracts are not regarded as included in the third pillar of the pension system even though many savings are placed in these products as well. However, in order to be consistent with the framework decided upon by the DIA/Towers Perrin in this survey, life insurance contracts have been included in pillar III here. Please also refer to the explanatory note on the descriptions of the pension systems.

Norway - Pillar Three	Coverage	Contributions	Old-age Benefits	Product	Choices
(Voluntary)	<p>is established by a person with insufficient funds from pillar I and II.</p> <p>The pillar III has only minor importance in the Norwegian pension system today. However, refer to the comments made in the end on the changes in the Norwegian system.</p>		<p>the contributions made, costs and return on investments.</p> <p>In life insurance contracts the benefits/insurance sum is stipulated in the contract.</p>	<p>Individual pension provisions in the form of personal annuities can either be unit linked or with-profit with a guaranteed minimum benefit.</p> <p>According to law the benefit must be paid out over a period of minimum 6 years.</p> <p>Annuities are most commonly sold together with some kind of death cover.</p> <p><i>Individual pension schemes (IPS):</i> A new law of individual pension schemes (IPS) was established in 2008 allows annual saving of NOK 15.000 with tax reduction. The new product substitutes an older product of individual pension savings (IPA), which allowed annual saving of NOK 40.000 with tax reduction.</p> <p>The IPS products will normally some coverage for death.</p> <p>The share of unit-linked is expected to be quite high in the new individual pension schemes products (IPS)⁴⁸. In regards to the "old" product Individual Pension Savings (IPA) the total amount saved in IPA was NOK 68.9 billion in 2007. The share unit-linked of IPA have been around ½ of all new sales of IPA in the years before 2007.</p>	<ul style="list-style-type: none"> • contributions • coverage • pay-out method of benefits: but not regarding lump sum payments • investments: in unit-linked members have the possibility to make individual investment choice or to have the provider make the investment choices on their behalf • retirement • possibility to contract in/out: since the schemes are voluntary a members can contract in/out according to the terms and conditions of the specific pension contract. But from IPA and IPS nothing can be paid before retirement age.

⁴⁸ Information provided by the Norwegian Financial Services Association. However, the association also notes that there is no practical experience with the new product at this stage.

Recent or planned reforms in the pension system in the Norway:

The whole pension system in Norway will be changed during the next years.

Pillar I: Large changes will be made in “Folketrygden” from 2011. Flexible old-age pension from the age of 62 – 75 will be introduced. The system will stimulate employees to work longer and it will be easier to combine working with receiving benefit from pension. Therefore, expected life-time adjustments will be made. The longer time you continue working, the higher pension you will receive. The system of earning pensions will be changed totally in the new system. All income below 7.1 times the Basic amount (NOK 70.256 at the moment) will contribute higher pension. In today’s system only income from the 20 years with highest pension points will be contributing and full pension is granted after 40 years of work. In the new system you will earn higher pension also if working more than 40 years. Also the rules of regulating pensions in the pay-out period will be changed in the new system.

Pillar II: The occupational pension schemes must also be changed due to the changes in “Folketrygden”. The obligatory pension schemes in Public sector, municipalities and in the private sector must all be changed due to the introduction of flexible old-age pension in “Folketrygden” etc.

Contractual Early Retirement Schemes – “AFP”: A new system of AFP will be introduced for person born in 1948 and after. For those born before 1948 will receive AFP according to today’s system. The new system will be introduced at the same time as the new system of old-age pensions in “Folketrygden” will be introduced from 1 January 2011. There are still some unsolved questions according to the new AFP. The number of different AFP-systems in private sector will be reduced from five to one, and AFP in Public sector will also probably adopt the same principals as the principals of AFP in private sector.

Pillar III: The new law of individual pension scheme was established in 2008 and is one part (pillar 3) of the new reformed pension system. However, we will not expect the pillar III to be a major part of the new system, since the savings amount is low (maximum annual saving of NOK 15.000).

Sweden - Pillar One	Coverage	Contributions	Old-age Benefits	Product	Choices
The Income Pension - "Inkomstpension" <i>(1st tier of the public pension "Allmänna")</i>	<p>All residents with income from employment – including self-employed – are covered by the income pension.</p> <p>The income pension is the largest part of the public pension (relative to the premium pension).</p>	<p>The scheme is contribution funded and a PAYG-system. However, the system is designed with so-called "buffer funds"⁴⁹.</p> <p>Contributions are fixed at 16% of the qualifying pensionable income of the employed (the annual gross income).</p> <p>Contributions are paid by the employer every month.</p> <p>In return for the contribution made an equivalent amount of pension entitlement is credited on the employee's notional account.⁵⁰</p>	<p>The scheme is a so-called notional DC-scheme thus benefits depend on contributions made during his or her working life (pension entitlements on the notional account) as well as on the return on investment and costs (administrative and investment).</p> <p>At retirement the accumulated notional entitlement is converted to an annuity.</p> <p>In addition, there is a "balancing mechanism" in place, which means that the stability of the pension system can affect benefits. If assets fall below liabilities, the balancing mechanism is activated. This means that the indexation of pensions in payment and returns credited to notional accounts is reduced by the ratio of assets to liabilities.</p>	<p>Lifelong old-age provision.</p> <p>The income pension is paid out in the form of a lifelong annuity.</p>	<p>Insured/members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> • contribution • coverage • investments • pay-out method of benefits • No possibility for contracting in/out <p>Insured/members can influence:</p> <ul style="list-style-type: none"> • Retirement age: Pay-out can take place at any time after the age of 61. There is no official retirement age. The longer pay-out is deferred the higher are the benefits when paid out. A person can choose to have the benefit paid out with 25%, 50%, 75% or 100% of the monthly entitlement. The benefit can be combined with work and other source of income.
The Premium Pension – "premiepension" <i>(2nd tier of the public pension "Allmänna")</i>	<p>All residents with income from employment – including self-employed – are covered by the premium pension.</p>	<p>The scheme is fully funded by contributions.</p> <p>Contributions are fixed at 2,5 % of the qualifying pensionable income of the employed (the annual gross income).</p> <p>Contributions are paid by the</p>	<p>The scheme is a DC-scheme and benefits are based on the amount of contributions made (into the personal pension account) and return on investment in the PPM funds as well as on the costs.</p>	<p>Old age provision.</p> <p>People have a broad choice as to where the funds in the personal pension account are invested (choices of various PPM funds – see under "choice").</p> <p>The benefits can be paid out as either:</p>	<p>Insured/members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> • contribution • coverage • no possibility for contracting in/out <p>Insured/members can influence:</p> <ul style="list-style-type: none"> • investments: wage earners can choose between 600 investments

⁴⁹ When the income pension system was designed five [buffer funds](#) were created, the First, Second, Third, fourth and Sixth AP Funds (AP1, AP2, AP3, AP4 and AP6). The capital of the buffer funds is intended for payment of pensions during periods with a system deficit (liabilities greater than assets). So far, pension contributions have been adequate to cover pension benefits. However, the situation might change with the changing demographics.

⁵⁰ The value of this pension entitlement is indexed every year for changes in the income index, a percentage representing the change in the average income in Sweden.

Sweden - Pillar One	Coverage	Contributions	Old-age Benefits	Product	Choices
		employer into personal pension accounts.		<ul style="list-style-type: none"> an annuity to avoid investment risk, or a variable annuity, where the funds continue to be invested by their chosen fund manager. <p>There are no guarantees on the annuities.</p>	<p>funds (so-called PPM funds), including a public default fund (the Premium Savings Fund – "Premiesparfonden") for those who does not want to make active investment choice.</p> <ul style="list-style-type: none"> retirement age: pay-out can take place at any time after the age of 61. There is no official retirement age. The longer pay-out is deferred the higher are the benefits when paid out. the pay-out method of benefits: Insured can choose between an annuity and a variable annuity.
The Guarantee Pension – "garantipension" <i>(3rd tier of the public pension "Allmänna")</i>	All residents are covered by the guarantee pension. However, the benefit is income-tested and only persons with low incomes or none at all are eligible to receive benefits.	No contributions. The scheme is funded out of general tax revenues.	<p>The benefit is either a fixed amount or a supplement to the income pension.</p> <p>Full benefits from the guarantee pension require 40 years of residence in Sweden. For shorter periods of residence the benefits are reduced accordingly. Separate rules apply for refugees/immigrants.</p> <p>Benefits are adjusted against benefits from the income and premium pensions (and comparable foreign national pension income). But are not influenced by wage income, capital</p>	<p>Old age provision.</p> <p>The benefits guarantee people in Sweden a certain minimum income from the State in the old age⁵¹.</p> <p>The benefits cannot be claimed before age 65.</p>	<p>Insured/members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> contribution (tax financed) coverage investments pay-out method of benefits no possibility for contracting in/out <p>Insured/member can influence:</p> <ul style="list-style-type: none"> retirement age: benefits can only be claimed at age 65. However, it is possible to combine work with receipt of benefits

⁵¹ In Sweden there is also a *House Benefit* that covers 93% of housing costs up to a maximum of 5.000 SEK per month for a single retired person. It is a means-tested benefit that aims at guaranteeing Swedish pensioners a minimum living standard.

			income, occupational pension or private pension insurance.		
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Sweden - Pillar Two	Coverage	Contributions	Old-age Benefits	Product	Choices
Occupational Pension Schemes – "Kollektiv-avtalade tjänstepension"	<p>Occupational pension schemes are estimated to cover almost 95% of all employees.</p> <p>Most employees are covered via collective agreements. Others are covered by company specific schemes.</p> <p>Generally pension income from pillar two schemes becomes increasingly important the higher an income people have; The replacement rate is approx. 10-15% for average income brackets, whereas the replacement rate generally increases to 25-30% for the high income brackets.</p>	<p>Contribution rate is typically between 4,5% and 5% of wages.</p> <p>Contributions are paid by the employer.</p>	<p>Most schemes are DB schemes; however, there is a trend towards more DC schemes for new schemes.</p> <p>In DC schemes the benefits will depend on the contributions made, costs and the return of investment – but also on average life expectancy for scheme participants.</p> <p>In DB schemes the benefits are predetermined in the agreement.</p>	<p>Old-age provision.</p> <p>The schemes typically include disability cover.</p> <p>Most schemes also include death/survivors' benefits that can, however, be deselected by persons without family.</p> <p>The benefits are usually paid out as a mix between 10, 15 or 20 years annuities and lifelong annuities. But typically no lump-sum payments.</p> <p>The DC-schemes are generally mixed products (with-profit and unit-linked) with individual choices. Normally it is mandatory that 50% of the premium goes to a guaranteed product.</p>	<p>Generally, insured/members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> contribution; no possibility to decrease the contributions. However, in most schemes member have the possibility to make voluntary additional contributions. no possibility for contracting in/out of the schemes. <p>Generally, insured/members have the possibility to influence:</p> <ul style="list-style-type: none"> retirement age: retirement age is age 65. However, it is possible to defer after age 65 pay-out method of benefits: usually a member can choose to have the benefits paid out as a mix of annuities (10, 15, 20 years and life-long) coverage: usually disability cover is included and member can choose death or survivors' benefits investments: In DC schemes typically 50% of the premium has to be paid into a guaranteed product (mandatory, however, members can choose from eligible companies and products). The remaining 50% of the premium can usually be invested in both guaranteed products or unit

Sweden - Pillar Two	Coverage	Contributions	Old-age Benefits	Product	Choices
					linked products. The member can choose from eligible companies and products. Usually there is a limitation in the number of funds for unit-linked products

Sweden - Pillar Three	Coverage	Contributions	Old-age Benefits	Product	Choices
Private Pension Schemes <i>(Voluntary)</i>	<p>The private schemes are available to everybody and can be taken out with an insurance provider.</p> <p>Often a private scheme is established by a person with insufficient funds from pillar I and II.</p> <p>Pillar three provision are relative common in Sweden. Most are individual life insurance policies.</p>	<p>Contributions are made in accordance with the individual pension contract or life insurance contract.</p>	<p>The schemes are fully-funded DC schemes or life insurance products. Most are individual life insurance policies.</p> <p>The benefits in DC-schemes depend on the value of contributions made, costs and return on investments.</p> <p>In life insurance contracts the benefit/insurance sum is stipulated in the contract.</p>	<p>Old-age provision and life insurance cover.</p> <p>A person can establish a pension scheme with only an old-age benefit but will also have the option to choose and include different risk covers.</p> <p>The importance in unit-linked products in pillar three is growing.</p>	<p>In private pension schemes insured/members have the possibility to influence all the relevant elements:</p> <ul style="list-style-type: none"> • contributions • coverage • pay-out method of benefits • retirement age • investments - In unit-linked members have the possibility to make individual investment choice or to have the provider make the investment choices on their behalf • contracting in/out: since the schemes are voluntary a members can contract in/out according to the terms and conditions of the specific pension contract

Additional relevant information: This description of the pension system covers the system only after the recent pension reform took place. A lot of people in Sweden still have benefits paid out under the pre-reform pension system in Pillar 1.

United Kingdom - Pillar One	Coverage	Contributions	Old-age Benefits	Product	Choices
<p>The Basic State Pension - "BSP"</p>	<p>It covers the entire working population (aged 16 -65).</p> <p>Everybody who has contributed for at least 10 years of their potential working career (aged 16 – 65) is entitled to a basic pension.</p> <p>On or after 6 April 2010, those with few qualifying years will be able to get at least some basic state pension.</p> <p>Pension age is 65 for men and 60-65 for women depending on year of birth.</p>	<p>The BSP is a contribution-based, PAYG scheme.</p> <p>For coverage employees, employers and self-employed pay contributions - the National Insurance Contributions (NI contributions).</p> <p>NICs cover not only old-age pensions but also sickness, health-service, disability and incapacity benefits as well as job-seekers allowance.</p> <p>National Insurance credits available for unemployment, sickness, disability, maternity and starting credits (aged 16-18).</p>	<p>Entitlement to the basic State Pension is dependent on the number of qualifying years you have earned over your working life.</p> <p>Qualifying years are based on the NI contributions you have paid or been credited during your working life.</p> <p>Men normally need 44 qualifying years to get the full BSP. Women born on or before 6/10/50 normally need 39 qualifying years to get the full BSP.</p> <p>The benefit is flat-rate and not income-related.</p> <p>Changes in 2010 The number of qualifying years needed for a full basic State Pension will be reduced to 30. Moreover, any number of qualifying years will give entitlement to at least some BSP⁵².</p> <p>The BSP will be increased in line with earnings, rather than prices, which mean it should rise more quickly each year than it does now⁵³.</p>	<p>Old-age provision.</p> <p>A person is guaranteed a minimum flat-rate basic income corresponding to the number of years contributed (worked).</p> <p>The BSP also creates derived rights to dependent, surviving or divorced spouses and civil partners.</p>	<p>Insured/members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> • contribution • coverage • investments • pay-out method of benefits • no possibility for contracting in/out. <p>Insured/members can influence:</p> <ul style="list-style-type: none"> • retirement age: retirement can be postponed (deferred state pension) in which case the State Pension is increased with a reward of about 10.4% for a full year. Or a person can get a lump sum payment (including interest based on bank rate set by the Bank of England) if the State Pension is put off for a continuous period of at least 12 months (which cannot include any period before 6 April 2005).

⁵² People who have fewer than 30 qualifying years will get 1/30 of full BSP. Each qualifying year they have both paid and been credited NI contributions will count towards BSP in the same way. The system of Home Responsibilities Protection (HRP) will be replaced with a new weekly National Insurance credit for people caring for children or severely disabled people and converting past years of HRP into years of credits.

United Kingdom - Pillar One	Coverage	Contributions	Old-age Benefits	Product	Choices
<p>The State Second Pension – "S2P"</p> <p><i>(The S2P replaced the State Earnings-related Pensions Scheme – SERPS)</i></p>	<p>S2P covers all salaried employees that pay NI contributions, including:</p> <ul style="list-style-type: none"> certain employees, who have contracted-out into an occupational or private pension scheme and earn below set levels certain carers and disabled people including those with no earnings. <p>The minimum qualifying period is one year of contribution payments.</p> <p>The S2P replaced the State Earnings-related Pensions Scheme (SERPS) in 2002 to provide a more generous pension than would have been provided for⁵⁴:</p> <ul style="list-style-type: none"> Low and moderate earners Carers who look after young children or a disabled person 	<p>The S2P is also a contribution-based, PAYG scheme.</p> <p>Contributions based on earnings up to the Upper Earnings Limit are paid via the NI contributions⁵⁵.</p>	<p>The benefits from S2P depend on years of contributions: the accrual rates for S2P are based on earnings bands:</p> <ul style="list-style-type: none"> 40% for earnings up to £13,500 a year (the Low Earnings Threshold), 10% for earnings up to £31,100 a year, 20% for earnings up to £40,040 a year. <p>From April 2009, the Upper Earnings Limit will be replaced by the Upper Accrual Point (UAP) for S2P purposes. The UAP will be frozen in cash terms at £770 per week⁵⁶.</p> <p>By around 2030, S2P will be a flat-rate benefit and calculated as if all insured had earned at the Low Earnings Threshold.</p>	<p>Old-age provision.</p> <p>A person is guaranteed a minimum flat-rate basic income corresponding to the number of years contributed (worked).</p> <p>People who cannot work because of caring responsibilities or due to disablement may get some S2P.</p> <p>A surviving spouse or civil partner may be able to inherit up to 50% of their late spouse or civil partners S2P entitlement.</p> <p>Members/insured have the possibility to choose to have the S2P contracted out into:</p> <ul style="list-style-type: none"> approved occupational pension schemes (pillar II): <ul style="list-style-type: none"> Contracted-out Salary-related Schemes (COSRS) Contracted-out Money-purchase Schemes (COMPS) Contracted-out Mixed 	<p>Insured/members have no possibility to influence/make choice in regards to:</p> <ul style="list-style-type: none"> contribution coverage investments pay-out method of benefits <p>Insured/members can influence:</p> <ul style="list-style-type: none"> retirement age: retirement can be deferred. possibility to contract in/out. See information under "Product".

⁵³ This change will happen from 2012 at the earliest and by 2015 at the latest, and will also apply to people currently getting their state pension or who reach State Pension age before 6 April 2010. From 6 April 2010, people will no longer be able to claim an adult dependency increase. If they have been awarded one by that date, they will continue to receive it until 5 April 2020 at the latest, as long as they continue to meet the qualifying conditions.

⁵⁴ About 21.9 million people have gained from the introduction of S2P. The majority (almost 55%) are women. 1.9 million carers and 2.2 million disabled people have begun to build up entitlement to additional state pension for the first time. The majority of low earners gaining from S2P (60%) are female.

⁵⁵ The Upper Earnings Limit is £40,040 in 2008/09. People earning more than the Lower Earnings Limit (£4,680 in 2008/09) but less than £13,500 (2008/09) are treated as if they had earned £13,500. Carers, who have no earnings or earnings below the Lower Earnings Limit and certain disabled people are also treated as if they had earned £13,500.

⁵⁶ From April 2010 the earnings bands will be reduced to two. S2P accruals will be based on 40% for earnings up to the Low Earnings Threshold and 10% for earnings up to the Upper Accrual Point. From a date yet to be fixed (will be between 2012 and 2015) for people earning up to the Low Earnings Threshold (£13,500 in 2008/09), S2P will accrue at a flat-rate of £1.60 per week (in 2008/09 terms). After that the earnings-related element of S2P will be gradually withdrawn.

United Kingdom - Pillar One	Coverage	Contributions	Old-age Benefits	Product	Choices
	<ul style="list-style-type: none"> Long-term disabled people with broken work records. 			<p>Benefits Schemes (COMBS)</p> <ul style="list-style-type: none"> Contracted –out Hybrid Schemes (COHS) <p><i>The majority of members are in DB occupational pension schemes. Contracted-out DB schemes must meet minimum benefit standards.</i></p> <ul style="list-style-type: none"> or into personal pension plans (pillar III): <ul style="list-style-type: none"> Appropriate Personal Pension Schemes, (including Stakeholder Pension Schemes) <p><i>Personal pensions and stakeholder plans are DC.</i></p> <p>A contracted-out employee builds up alternative S2P rights in the private pension scheme. If S2P is contracted-out into a DB occupational scheme the employee receives a rebate on the NICs. If S2P is contracted-out into a DC pension scheme, employees pay full NICs but the State will pay contributions to the scheme based on the age of the employee. However, a person contracted out into an occupational pension scheme earning up to £31,100 a year (08/09) will be entitled to some S2P for that year. Similarly, a person contracted out into a person pension plan earning up to £13,500</p>	

United Kingdom - Pillar One	Coverage	Contributions	Old-age Benefits	Product	Choices
				a year (08/09) will build some S2P for that year.	
The Pension Credit	Pension Credit is an entitlement for people aged 60 and over living in the UK. The Pension Credit ensures eligible persons a certain minimum income.	No contribution needed nor to the NI contributions or other. An eligible person can apply for pension credit at age 60.	The pension credit consists of two parts: <ul style="list-style-type: none"> Guarantee Credit pay be paid at age 60 or over to top up the weekly income to a guaranteed minimum level. Savings Credit is an extra amount that can be paid to persons aged 65 or over who have saved for their retirement e.g. savings or a second (pillar 2 or 3) pension. 	Please refer to "Old-age benefits".	Persons aged 60 and over and living in the UK can apply for the credit. No other choices available to the insured/member.

United Kingdom – Pillar Two	Coverage	Contributions	Old-age Benefits	Product	Choices
Occupational Pension Schemes	Just under 9 million people in the UK are contributing to an occupational pension scheme Occupational pensions are sponsored by employers. Private sector pensions are generally set up under trust; public sector ones under statute.	Schemes can be contributory or non-contributory In contributory schemes, contributions are generally paid by both employee and employer (however in some schemes employers pay the total contribution). Contribution rate must not be below NI contributions rebate in contracted-out schemes.	Most schemes are DB schemes. DB schemes are typically funded although the level of funding is varied and also depends on changes in financial markets. In DB schemes, the benefits will depend on final or averaged salary and years of employment. There has been a growth in DC schemes since the 1980'ties but from a very low starting point. In DC schemes benefits depend on the contributions made, costs and the return of investment – but	Old-age provision. Pension Schemes that are tax-registered employees can contract out of S2P. These are known as: <ul style="list-style-type: none"> Contracted-out Salary-related Schemes (COSRS) Contracted-out Money-purchase Schemes (COMPS) Contracted-out Mixed Benefits Schemes (COMBS) Contracted –out Hybrid Schemes (COHS) Most schemes are Contracted-out Salary-related Schemes (COSRS),	Generally, the possibilities of insured/members to influence the scheme/make choices depend on whether the scheme is contracted in/out from S2P. Insured/members have no possibility to influence/make choice in regards to: <ul style="list-style-type: none"> contribution coverage pay-out method of benefits Insured/members can influence: <ul style="list-style-type: none"> investments: but only in DC schemes retirement age: possibility for early and late retirement possibility to contract in/out from the

			typically also on average life expectancy for scheme participants. In contracted-out schemes benefits have to be at least the S2P level of benefits.	which is a DB scheme.	S2P into a qualifying pillar II scheme
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United Kingdom – Pillar Three	Coverage	Contributions	Old-age Benefits	Product	Choices
Personal and Stakeholder Pension Schemes - "PPS & SPS" <i>(Voluntary)</i>	<p>Personal pension schemes (PPS) and stakeholder pension schemes (SPS) are available to everybody.</p> <p>Often a personal or stakeholder pension scheme is taken out by employees not covered by a pillar II scheme or by self-employed people, who do not have the possibility to participate in occupational pension schemes.</p> <p>An employer can also offer a Group Personal or Group</p>	<p>Fully-funded schemes.</p> <p>Contributions are made in accordance with the individual pension contract or life insurance contract.</p> <p>Stakeholder pension schemes must accept small contributions.</p> <p>Contracted-out Appropriate Personal Pension Schemes receive payments that correspond to the reduced NICs at the end of the year, known as <i>rebates</i>.</p>	<p>Personal pensions and stakeholder pension schemes are DC schemes.</p> <p>The benefits depend on the value of contributions made, costs, return on investments, the type of annuity purchased at retirement and annuity rates.</p> <p>In PPS and SPS benefits can be withdrawn from the age of 50. Going up to 55 by 2010</p>	<p>Old-age provision.</p> <p>At retirement, members can choose to take 25% of the fund tax free and must use the rest to secure an income by age 75, usually in the form of a lifetime annuity.</p> <p>Death benefits and survivor benefits depend on the individual scheme.</p> <p>Members can contract-out the S2P into a personal pension scheme or a stakeholder pension scheme.</p>	<p>In private pension schemes members have the possibility to influence many of the relevant elements:</p> <ul style="list-style-type: none"> • contributions • coverage: death and survivors' benefits depend on the individual scheme • possibility to contact in/out • investments/pay-out method of benefits: At retirement, members can choose to take 25% of the fund tax free and must use the rest to secure an income, usually in the form of an annuity. Members can choose the type of annuity they purchase or can opt for alternatives such as phased retirement or income drawdown (but they must secure an income by age 75). Members also have the option to purchase an annuity from the provider offering the best deal to them. They do not have to take their pension from the provider they have saved with. This is known as the Open Market Option.

United Kingdom – Pillar Three	Coverage	Contributions	Old-age Benefits	Product	Choices
	<p>Stakeholder Pension, which is a collection of individual personal pension arrangements</p> <p>Currently all employers with 5 or more employees must offer access to a stakeholder pension unless they have another scheme in place (this designation requirement will be removed from 2012).</p>				

Have there been any recent or planned reforms in the pension system in the UK?

See text in the table above and the footnotes. Also from 2012 (subject to Parliamentary approval) we are introducing a new duty on employers to put all eligible workers into a qualifying workplace pension (this is known as ‘automatic enrolment’). Individuals will have the right to opt out. For the first time, employers will be required to contribute to workers’ pensions. A new, low-cost pension scheme, currently known as ‘personal accounts’, is planned to give those currently without access to a good quality workplace pension scheme – in particular, low to moderate earners and/or those working for small employers – the opportunity to save.

APPENDIX D - DESCRIPTION OF THE INITIATIVES AND TOOLS IN THE MARKETS SURVEYED

This section describes the most relevant initiatives and tools aimed at promoting financial literacy and transparency in each country. This section was completed by each questionnaire respondent or respondents (in countries where there was more than one questionnaire respondent). For each tool we include its name (both English and local name), the description of the initiative and tool, the type of information, the channel through which they are distributed (and their reference) and the driver of the initiative/tool.

For further information on the instructions to complete this template please see the guidance document in Appendix A.

DENMARK - DETAILS OF UP TO 15 INITIATIVES AND TOOLS THAT ARE IMPORTANT IN YOUR MARKET

Please describe the most relevant initiatives and tools aimed at promoting financial literacy and transparency in the life insurance and pensions industry in your market:

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
1	"The ABC of Pensions" <i>(PensionsABC'en)</i>	"The ABC of Pensions" is designed as a teaching tool, which enables the consumers to learn about life insurance and pension by choosing a module on a specific issue of interest. Some of the modules describe the general outline of the entire Danish pension system and how the three pillars work and interact with each other. Other modules provide information on the different types of pension and life insurance products, the pension providers, the costs, the investment risk involved. Moreover, consumers can learn about the general rules on beneficiaries and divorces in regard to pensions as well as taxation issues.	General Non-personalised	Internet – a tool on the website of the DIA. Part of the "Pensions Made Clear" part of the DIA's website: www.forsikringogpension.dk/Pension/PensionsABC/Sider/PensionsABC.aspx	The Danish Insurance Association (the DIA)
2	"Your Pension Needs" – a guide to pension needs and major life events <i>(Dit behov/ Dit behov ændrer sig)</i>	A guide that give information on the insurance and pension needs of an average consumer as well as general advice on what one should be particular aware of in certain situations. The information is grouped under different headings relating to major life events like "having a baby", "moving in together", "getting married", "getting divorced", "changes in job situation", "buying a house", and "retiring".	General Personalised	Internet – a tool on the website of the DIA. Part of the "Pensions Made Clear" part of the DIA's website: www.forsikringogpension.dk/Pension/Dit_behov/Sider/Dit_behov.aspx	The Danish Insurance Association (the DIA)
3	"Pension Calculator" <i>(Pensions-måleren)</i>	The "Pension Calculator" is a tool that makes is possible for consumers to compare the expected pension entitlements with the present income level. The calculator takes benefits from all three pillars into account. The user is asked to plot in information on age, present salary, present pension contributions, expected age of retirement, present pension savings, and to indicate over how many years the benefits should be paid out. By changing some of the information the user is able to see clearly the consequences it has on the pension entitlements.	Specific Personalised / General Personalised	Internet – a tool on the website of the DIA. Part of the "Pensions Made Clear" part of the DIA's website: www.forsikringogpension.dk/Pension/Dit_behov/pensionsmaaler/Sider/Pensionsmaaler.aspx	The Danish Insurance Association (the DIA)
4	"Test Your Knowledge of Pension" <i>(Pensions-eksamen)</i>	"Test Your Knowledge of Pension" is a test tool where consumers are able to gain and test their knowledge of pensions and life insurance products. The site also include tests and information on other important issues relating to pensions like the costs and investment risks involved, the pension providers, taxation issues, the general rules on beneficiaries and effects of divorce.	General Non-personalised	Internet – a tool on the website of the DIA. Part of the "Pensions Made Clear" part of the DIA's website: www.forsikringogpension.dk/Pension/eksamen/Sider/Pensionseksamen.aspx	The Danish Insurance Association (the DIA)
5	"The Pension Glossary" <i>(Pensionordbog)</i>	The glossary explains specific words and expressions relating life insurance and pension products.	General Non-personalised	Internet – a tool on the website of the DIA. Part of the "Pensions Made Clear" part of the DIA's website: www.forsikringogpension.dk/Pension/Pensionsordbog/Sider/Pensionsordbog.aspx	The Danish Insurance Association (the DIA)

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
6	"My pension"	The site will be launched in October 2008 as a part of www.borger.dk , which is the site of "public Denmark" including the Danish government and municipalities. "My pension" offers general information on the Danish pension system with special focus on social pensions (pillar I) and tools (effect of age of retirement on state pension, household retirement budget, pension calculator). Furthermore, the site provide a link to the site www.pensionsinfo.dk .	General Non-Personalised / General personalised	Internet – a website – part of the www.borger.dk site, which is a site that aims at functioning as site where Danish citizens can have information about government bodies, public services etc. as well as be able to sign up to certain services with a digital signature. The website of "My Pension" is not yet operational.	The Ministries of Welfare, Economic Affairs and Labour
7	"Ask about Pension" - an Information Service <i>(Pensionsoplysningen / Spørg om pension)</i>	Consumers are able to contact the Service with specific questions relating to life insurance and pension by phone or by e-mail. Also, consumers are able to consult a list of FAQs. The service is free of charge and is independent of the individual insurance company's interest. Consumers are also able to find a complaint guide on the website.	General Personalised	Internet – website as well as a mailing and phone service. The information on the website along with the contact details for the pension consultants and FAQs is part of the "Pensions Made Clear" section of the DIA's website: www.forsikringogpension.dk/Pension/Spoerg_om_pension/Sider/Spørg_om_pension.aspx	The Danish Insurance Association (the DIA)
8	"PensionsInfo" <i>(PensionsInfo)</i>	"PensionInfo" is a digital shortcut for all Danish citizens to consolidated information on their pension entitlements. Every Danish citizen is able to log on to the system via the website with their social security number and a personal password. Most banks in Denmark also offer their customers the opportunity to log on to PensionInfo directly via the online-banking facilities. PensionInfo offers consumers a personalized comprehensive on-line overview of his or her pension entitlements, starting with a quick and consolidated overview of coverage in case of retirement due to old age or disability and in case of death. PensionInfo is in great demand because the Danish three-pillar pension system means that Danes typically can look forward to benefits from 5 to 6 different pension plans on average. By the end of 2008 virtually all Danish pension providers – more than 200 – will be linked to PensionInfo.	Consolidated personalised	Internet – a website: www.pensionsinfo.dk	Pensions providers. PensionsInfo is run by an association whose membership comprises virtually all Danish pension providers. The DIA is secretariat.
9	"ATP Forum" <i>(ATP Forum)</i>	The objective of ATP-forum is to involve Danes in internet-based dialogue about pensions in general. Input from participants is used as a basis for analyses which are published on the site and in public press. Associated with the site is a panel of experts.	General non-personalised	Internet – a website: www.atpforum.dk	ATP (Labour Market Supplementary Pension Plan)
10	"Insurance Appeals Board Statistics" <i>(Statistik fra Forsikringsankenævnet)</i>	The statistics enable the consumers to compare information on insurance companies in relation to: - the number of complaints made to the board, - number of rulings made in favour of the appellant (in part or in full), or in favour of the insurance company. The information can also be accessed according to categories of rulings in regard to the issue or type of insurance concerned or the type of insurance company e.g. life insurance companies or pension fund. The statistics are shown for the three preceding years.	General Non-personalised	Internet – information can be found on the website of the Insurance Appeals Board (Forsikringsankenævnet): www.ankeforsikring.dk/Statistik.aspx Moreover, the information can be found on the website of the DIA: www.forsikringogpension.dk/statistik/Sider/anke	The Danish Consumer Council (Forbrugerrådet), the DIA and the Insurance Appeals Board

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
11	"Money- & Pension Panel" <i>(Penge- og Pensionspanelet)</i>	<p>The Money- & Pension Panel was established by law in 2007 (Act. no. 576 of 06/06/2007). The purpose of the Panel is to promote consumers' interest for and knowledge about financial products and services. The members of the Panel are representatives from financial and consumer organisations and the chairman are assigned to have a special and scientific knowledge of consumer research. Members and chairman are politically appointed by the Minister of Economics and Business Affairs. The aim of the Panel is to:</p> <ol style="list-style-type: none"> 1) publish objective consumer information 2) carry out and publish market studies (tests) of e.g. prices, costumer services and conditions at diverse financial suppliers. 3) Initiate and publish consumer affairs studies in order to achieve a better understanding of e.g. consumer views/behaviour. <p>The Panel is still in the starting-up phase and have not yet published any of its findings.</p>	General non-Personalised	naevnsstatistik-generel_kendelsesstatistik.aspx Internet – the website is still in the making and not yet active.	<p>The Ministry of Economics and Business Affairs.</p> <p>The panel is physically located at the Danish FSA; However, the secretariat is employed by and responsible to the Minister of Economics and Business Affairs.</p>

GERMANY - DETAILS OF UP TO 15 INITIATIVES AND TOOLS THAT ARE IMPORTANT IN YOUR MARKET

Please describe the most relevant initiatives and tools aimed at promoting financial literacy and transparency in the life insurance and pensions industry in your market:

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
1	Statutory annual pensions information	Specific personalized information	Pension information informing expected (potential) pension benefit on the basis of the corresponding past social insurance careers and of alternative scenarios as to annual indexation rates (0%, 1% and 2%).	The annual pension information is sent by mail.	Deutsche Rentenversicherung (provider statutory PAYG financed pensions). Legal base (social law).
2	Annual surplus statements on occupational or private pension contracts	Specific personalized information	Annual pension information informing about benefits of occupational or private pension in retirement including surplus statements.	Annual surplus statements are sent via mail.	Providers of occupational and private pensions. Legal base (insurance contract law).
3	Eigenvorsorge-Report (print version)	Tool to consolidate specific personalized information	Allows users to get a quick, individual and comprehensive overview of their projected monthly retirement and disability benefits from the statutory system, occupational pension entitlements and private pension contracts. Concept builds on the existing elements of the statutory pension information and the surplus statements. Recipients are able to compare their total	Sent as print version via mail as a complement to annual surplus statements. There is also an internet-based version: www.eigenvorsorge-report.de	German insurance companies (print version), Informationszentrum der deutschen Versicherer (Internet-Version). Voluntary self-commitment introduced in 2006.

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
			benefits with an individually chosen benchmark for their retirement and disability income.		
4	Safety 1st	General non-personalized information	Teaching material (including guidelines for teachers and worksheets)	www.safety1st.de http://www.jugend-und-bildung.de/unterrichtsmaterial_lernportale	Informationszentrum der Deutschen Versicherungswirtschaft Klipp + Klar in cooperation with foundation Stiftung Jugend & Bildung
5	Altersvorsorge macht Schule (Teaching material)	General non-personalized information	Teaching material	evening school for adults (Volkshochschule); Website www.altersvorsorge-macht-schule.de	Cooperation between social partners, Deutsche Rentenversicherung, consumer umbrella association (vzbv) and Volkshochschule (school for adults)
6	Rentenblicker ('pension-focuser')	General non-personalized information.	Objective is to raise awareness for topics related to old-age provision with a main focus on the statutory system.	website www.rentenblicker.de	Deutsche Rentenversicherung
7	Sozialpolitik Heute	General non-personalized information	Teaching material		Federal Ministry for Social Affairs (BMAS) in cooperation with foundation Stiftung Jugend & Bildung
8	Vordenker gesucht! Altersvorsorge als Unterrichtsthema.	General non-personalized information.	Award for teacher colleges for the best interdisciplinary conception of "pensions education" in secondary schools.	Given that the contents associated with "pensions education" are typically distributed over different subjects such as mathematics (interest calculation), social studies and economics (social security system) and religion/ ethics (intergenerational justice). As a consequence of this fragmentation, there might exist shortcomings regarding the "integratedness" of the overall conception. Against this background, the German insurance	German Insurance Association (GDV).

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
				association has donated an award for teacher colleges in general schools for the best multidisciplinary conception of pensions education in cooperation with the foundation "Jugend und Bildung" and under the auspices of the German minister of economic affairs and technology. Members of the jury included a former federal minister of labour and social affairs, a Länder minister of culture and education, representatives of two federal ministries as well as teachers secondary schools (Gymnasium, Realschule and Hauptschule)	
9	Versicherungen Klipp + Klar	General non-personalized information. Pre-competitive Product oriented booklet series on the pension system and product types	Booklet	Address list; order and download service (www.klipp-und-klar.de)	Informationszentrum der deutschen Versicherer
10	ZUKUNFT Klipp + Klar	General partly personalized information. Life cycle oriented booklet series on insurance and pension issues	Booklet	Address list; order and download service (www.klipp-und-klar.de)	Informationszentrum der deutschen Versicherer
11	User Hotline (phone, E-Mail) Informationszentrum der Deutschen Versicherer	General personalized information.	E-Mail, phone	Responses to individual questions on product types etc. (no legal advice, only precompetitive information)	Informationszentrum der deutschen Versicherer
12	Infopoint Informationszentrum der deutschen Versicherer, Berlin	General personalized information.	Direct contact	Responses to individual questions on product types etc. (no legal advice, only precompetitive information)	Informationszentrum der deutschen Versicherer

NETHERLANDS - DETAILS OF UP TO 15 INITIATIVES AND TOOLS THAT ARE IMPORTANT IN YOUR MARKET

Please describe the most relevant initiatives and tools aimed at promoting financial literacy and transparency in the life insurance and pensions industry in your market:

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
1	<i>Stichting Pensioenkijs.nl</i>	Pensioenkijs.nl wants people in the Netherlands to give some thought to planning their pension. They present it in a way that is easy to understand. They also provide objective information on pension.	General Non-personalised	Basically: - Internet: www.pensioenkijs.nl - Brochures - Free publicity	Various organisations: Ministry of Social Affairs and Employment; Dutch Insurance Association, Dutch Association of Industry-wide Pension Funds; the Confederation of Netherlands Industry and Employers; trade unions etc.
2	"Uniform Pension Summary" (Uniform Pensioenoverzicht)	Under a process of self-regulation it has been possible to provide employees for the first time last year with a Uniform Pension Summary. A standard overview makes a complex pension scheme more transparent. It contains information about the pension benefits at retirement, death and incapacity to work.	Specific personalised information	By post (sometimes internet)	Dutch Insurance Association, Dutch Association of Industry-wide Pension Funds and Dutch Association of Company Pension Funds
3	Information models on investment insurance (Modellen de Ruiter)	As of 1 January 2008 the Dutch insurance companies provide greater transparency of premiums, costs and values of investment via several summary statements. Consumers will receive these when they first contemplate buying a product, before an insurance is effected, as an attachment to the yearly policy status report and an alteration summary in case of surrender of the product.	General Non-personalised (when contemplating buying a product) Specific Personalised (before an insurance is effected, yearly status report and alteration summary)	Internet – www.verzekeraars.nl Information models are supplied by all Dutch life insurers to (potential) customers	Formats/ models are supplied by the Dutch Association of Insurers
4	"Test Your Knowledge" Website www.weetwatjeweet.nl	"Test Your Knowledge" is a test tool where consumers are able to gain and test their knowledge of pensions, investment insurances etc.	General Non-personalised	Internet - a tool via the website with consumer information of the Netherlands Authority for the Financial Markets (AFM) http://consument.afm.nl	The Netherlands Authority for the Financial Markets

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
5	<i>Pensioenplanner</i>	The "Pension Calculator" is a tool that makes it possible for consumers to make calculations based on the "Uniform Pension Summary" or "Uniform Pension Summaries"	General Non-personalised (calculations are only an indication!)	Internet – a tool via for example http://pensioenkiijker.nl/smartsite.dws?id=113	ORTEC
6	<i>CentiQ</i>	CentiQ partners are looking to increase consumers' financial insight and management skills, and hope to foster sound financial decision-making. By pooling their talents in the CentiQ platform, partners aim to be more able to reach and inform consumers and assist them in becoming more "money-wise".			The initiatives relevant for this section are mainly taken by the partners of CentiQ. The Ministry of Finance is the coordinator of CentiQ. . The Dutch Insurance Association is one of the partners.
7	Websites about the first pillar		General Non-personalised	http://svb.mijnabc.nl/aow www.svb.nl/aow	Sociale Verzekeringsbank (SVB)

NORWAY - DETAILS OF UP TO 15 INITIATIVES AND TOOLS THAT ARE IMPORTANT IN YOUR MARKET

Please describe the most relevant initiatives and tools aimed at promoting financial literacy and transparency in the life insurance and pensions industry in your market:

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
1	"Norwegian Pensions" ⁵⁷ (Norsk Pensjon AS)	Internet-based tool for consumers to calculate their expected pension entitlements based on present income level. Gathers data from both public and private pension providers.	Consolidated personalised	www.norskpensjon.no	"Norwegian Pensions" is a neutral and independent internet-based portal, founded by seven Norwegian life insurance companies. Norwegian Pensions has a steering board that include consumer representatives (by "Forbrukerombudet").
2	"Your pension" ⁵⁸ (Din pensjon)	Website which offers the consumers general information on the Norwegian pension system, as well as access to personalised data about their public pension. A pension calculator enables the consumers to see their future pension based on provisional calculations, and also allows them to plan their own pensions. The website is just starting up.	General non-personalised / General personalised	www.nav.no/page?id=805313259	The Norwegian Labour and Welfare Administration
3	Website of the Norwegian Federation of Trade Unions	Website with general information on pensions, including relevant links to public hearings and official documents regarding pensions.	General non-personalised	http://www.folkeferie.no/portal/page/portal/LONO/PAG_NOR_DYN/PAG_NOR_FAG?p_d_i=-141&p_d_c=&p_d_v=2118&p_d_i=-241&p_d_c=&p_d_v=2118	The Norwegian Federation of Trade Unions
4	"pensjonsreform.no"	Website with general information about pension, including a "Pensions ABC", as well as a FAQ on the current reform of the Norwegian pension system.	General non-personalised	www.regjeringen.no/nb/dep/aid/kamp/anjerpensjonsreform.html?id=86731	The Ministry of labour and inclusion
5	"Finance Portal" (Finansportalen)	Norway's official guide to banking, saving and insurance. Gives a complete overview of information regarding different products and services in the Norwegian financial and insurance market, with contributions from 150 banks and 20 insurance companies.	General non-personalised	www.finansportalen.no	The FSA of Norway, The Norwegian Consumer Ombudsman, The Norwegian Consumer Council, The Norwegian Ministry of Finance, The Norwegian Ministry of Children and Equality.

⁵⁷ It is likely that "Norske Pensjon" (1) that is a private initiative and "Din Pensjon" (2) that is an initiative from the public authorities will be combined within the next 2 years.

⁵⁸ Please refer to footnote 3 above.

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
		To be completed with life insurance products.			
6	"Database on Life Insurances and Pensions" (Register over livsforsikringer og pensjoner)	A database on life insurances and pension schemes. The database can give consumers information on where (in which insurances companies and pension institutions) he/she have life insurances and pensions. Consumers can send an enquiry about a person's own insurances and pensions or the ones of a deceased.	Specific personalised	http://www.fnh.no/FullStory.aspx?m=1580&amid=67792	Finansnæringens Hovedorganisasjon (The Norwegian Financial Services Association)
7	The Ministry of labour and social inclusion	Gives general information about pensions and has the main responsibility of the ongoing reform of the Norwegian pension system	General non-personalised	http://www.regjeringen.no/en/dep/aid/Topics/pensions.html?id=939	The Government ("Arbeids- og inkluderingsdepartementet")
8	The Ministry of Finance	Has the main responsibility of laws on private pensions and gives some non-personalised information on private pensions	General non-personalised	http://www.regjeringen.no/en/dep/fin.html?id=216	The Government ("Finansdepartementet")

SWEDEN - DETAILS OF UP TO 15 INITIATIVES AND TOOLS THAT ARE IMPORTANT IN YOUR MARKET

Please describe the most relevant initiatives and tools aimed at promoting financial literacy and transparency in the life insurance and pensions industry in your market:

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
1	Min Pension	Website where the consumer can find out in which pension institute he/she has pension capital, how large the capital is and get a prognosis on the future pension.	General Personalised	Internet – the website www.minpension.se	The Swedish Insurance Federation in cooperation with the Social Security Board and Premium Pension Authority
2	Pensionsorden	A glossary which explains words and expressions relating to pension products. The product is an up-date of an old version.	General Non-personalised	The glossary will, after it has been finalised, be published on the internet.	The Social Security Board
3	Jämförelse – pension	A section of a website where the consumer can compare life companies' fees. Also, a calculator shows the effect of different fees on pillar 2 pensions.	General Non-personalised	Internet – the website www.konsumenternasforsakringsbyra.se	Konsumenternas Försäkringsbyrå (The Consumers' Insurance Bureau)
4	Guidelines on calculating future pensions Under construction.	An initiative to harmonise different pension prognosis calculators on the market	Guidelines	NA	Social Security Board
5	"Koll på cashen"	A school campaign during autumn 2008. 25 school will be visited with the aim to get the students interested in their private economy	Talk-show on dvd and a discussion material.	Personal meetings Internet: www.kollpacashen.se	Financial Supervisory Authority, Consumer Board and Swedish Enforcement Authority
6	Finanskunskap.se	A website where teaching material concerning private economy is gathered together. The aim is to help teachers to find good material to use.	Website with links to other sites.	Internet: www.finanskunskap.se	Financial Supervisory Authority

UNITED KINGDOM - DETAILS OF UP TO 15 INITIATIVES AND TOOLS THAT ARE IMPORTANT IN YOUR MARKET

Please describe the most relevant initiatives and tools aimed at promoting financial literacy and transparency in the life insurance and pensions industry in your market:

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
1	"What about money?"	Initiative providing information on the basic products and financial needs appropriate for each life stage, including life insurance and pensions (but primarily orientated to the below 40 years of age consumers).	General Non-Personalized	Internet – website: http://www.whataboutmoney.info	FSA (Financial Services Authority) – the UK financial services regulator
2	"Money Made Clear"	Initiative providing information on the basics of products, explanation of product features (including pensions and life insurance). It also provides product comparisons for pension annuities & other savings and investments products (allowing the consumer to compare products according to his age, budget for product expenditure, and desired return on investment) across a full spectrum of competitive options. Specific guides are downloadable too. It also provides a link to a number of tools including the Financial Health check tool developed by the FSA (Financial Services Authority), allowing consumers to access their personal financial situation, financial needs and decisions.	General personalized/ Specific personalized	Internet – website: http://www.moneymadeclear.fsa.gov.uk They do not investigate individual queries but answer general financial enquiries through a Consumer Contact Centre available through a phone consumer helpline. They also publish several free guides available for download from their website.	FSA
3	'Making the most of your money' Financial Capability in the Workplace	This initiative provides general financial education to employees in their place of work. It does so via seminars delivered pro-bono by trained professionals from the financial services industry. Each employee receives educational material and a guiding CD-ROM. The initiative covers information on financial planning, pension planning, state pension system, retirement options, employment benefits.	General Non-personalized	Delivered via group training sessions, dedicated CD-ROM to each employee. Also in association with: www.moneymadeclear.fsa.gov.uk	FSA
4	"Learning Money Matters"	This initiative is oriented secondary school pupils. Consultants from the Personal Finance education Group (PFEG) support teachers and train them on how to deliver financial education to young students. This training covers pensions, life insurance and investments as well as future financial planning.	General Non-personalized	Delivered by PFEG consultants on the telephone, on-line or face to face. They don't have yet a single devoted website but a mention on the site of the PFEG: http://www.pfeg.org/Secondary/LearningMon	Personal Finance Education Group (PFEG), an educational charity

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
				evMatters Consultants provide e-mail and a dedicated support phone line as well.	
5	Parent's Guide to Money	Guide to all financial matters to help expectant parents prepare for their new arrival, e.g. tax credit info.	information	Delivered in hardback via midwives and children's centres. www.parentsguidetomoney.fsa.gov.uk	FSA
6	Further Education	Helping further education colleges take a planned and coherent approach to financial education and raising the profile of it.	Information	Further Education colleges	FSA
7	Higher Education	Working with student money advisors to help them gain confidence to deliver proactive guidance and information to their students	Information Guidance	UK universities	FSA
8	Young Adults Not Employment, Education and Training (NEET)	Free one day training course 'young people and money' delivered through intermediaries to youth workers working with NEET young people.	Information guidance	Youth work intermediaries	FSA
9	Money Guidance	Running a money guidance pathfinder from early 2009 in the NE and NW of England to deliver face to face, telephone and web based guidance. If successful, there will be a national service.	Guidance	Face to face, web and telephone	FSA
10	Tools for customers	The FSA has developed several tools to help customers to assess their personal financial situation and financial needs, and then make an informed purchase. These include: <ul style="list-style-type: none"> • Product comparison tables • Financial healthcheck • Budget calculator • Debt test • Loan calculator • Mortgage calculator • Stakeholder pension decision trees • Pension calculator 	General personalized/ Specific personalized	Internet – website: http://www.moneymadeclear.fsa.gov.uk/tools/tools.html	FSA
11	"Talking Shop"	Promoted since 2003 the Talking Shop initiative brings various consumer education subjects to life through real time role-play via the Internet. Consumers are able to contact the network of professionals covered by this initiative with specific questions regarding life insurance and pensions primarily via e-mail or interactive chat but also by phone.	General personalized.	Internet – website as well as an e-mail and phone service. http://www.niace.org.uk	National Institute of Adult Continuing Education (NIACE)

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
		There are also several modules of training/information and online role play on life insurance and pension products information and features.			
12	Pension Calculator	<p>Launched in November 2002 the calculator has been launched as a partnership between the insurance industry association (ABI) and the financial regulator (FSA)</p> <p>Using the Pensions Calculator, consumers can enter key factors (e.g. the age they will start saving, how much they might contribute and retirement age). The calculator displays how much retirement income they could receive. A standardised state pension can be taken into account and the weekly income in retirement is illustrated at current money value.</p> <p>Users can also change their assumptions (e.g. save more, start earlier or retire later) in order to show how they may achieve what they consider to be a reasonable retirement income.</p>	Specific Personalised / General Personalised	<p>Internet:</p> <p>www.pensioncalculator.org.uk</p>	Association of British Insurers (ABI) and FSA
13	"The Pension Service"	<p>The UK Government has set up The Pension Service, which is part of the Department for Work and Pensions.</p> <p>It has been set up to improve the service customers receive and help them better plan for retirement.</p> <p>Amongst other services this initiative allows consumers to see the amount of state pension and pension credits customers are entitled to, including tools see state pension and UK state second pension earnings.</p>	General Personalised/ Consolidated personalized	<p>Via the Internet at a dedicated website:</p> <p>http://www.thepensionservice.gov.uk</p>	Department of Work and Pensions (DWP)
14	The Pensions Advisory Service	<p>The Pensions Advisory Service is an independent non-profit organization that provides free information, advice and guidance on the whole spectrum of pensions covering State, company, personal and stakeholder schemes.</p> <p>They provide a very vast array of information:</p> <ul style="list-style-type: none"> • State pension: how to claim, dispute payments, state pension payment calculator; • Personal and stakeholder pensions: information on annual statements, calculators, disputes; • A whole range of publications on all the three pillars. 	General non-personalized information	<p>Via the Internet at a dedicated website:</p> <p>http://www.pensionsadvisoryservice.org.uk</p>	Pensions Advisory Service, an independent non-profit organization.
15	Customer Impact	<p>This is a voluntary industry initiative which aims to improve outcomes for customers of the UK's life, investment and protection industry. The Scheme includes 5 key components:</p> <ul style="list-style-type: none"> • Formal Board resolution (including 3 commitments to customers) • Annual benchmarking survey 	General non-personalized information	<p>Discussion through ABI Committee structure to develop the Scheme.</p> <p>Via the Internet at a dedicated website:</p> <p>http://www.customerimpact.org</p>	Association of British Insurers (trade association)

No	Initiative / tools	Description	Type of information	Channel and Reference	Driver
		<ul style="list-style-type: none"> • Series of Good Practice Guides • Independent Panel to oversee Scheme • Annual public reports from firms in the Scheme <p>The Scheme aims to help companies by giving them the tools to do better for customers e.g. survey results, guidance to improve processes. Its primary audience is not customers.</p>			
16	Pensions Force	PENSIONSFORCE is an independent service provided free to employers by NAPF. It helps employees understand the importance of planning for their retirement and provides them with information about saving for their future. It is supported by the Department for Work and Pensions Education Fund.	General non-personalised information	Internet: http://www.pensionsforce.co.uk/	NAPF / DWP

APPENDIX E – SOURCE DOCUMENTS

In preparing this report, Towers Perrin and the DIA have relied upon written and oral information supplied by the survey participants. We have relied on the general completeness and accuracy of this data and information without independent verification.

Reliance is placed on, but not limited to, the accuracy of the following information:

- Questionnaires provided by the survey participants;
- OECD publication “Recommendation on Good Practices For Financial Education Relating to Private Pensions”, 2005
- “White Paper on Financial Services 2005-1012” published by the European Commission, 2005;
- “Improving Financial Literacy: Analysis of Issues and Policies” published by the OECD, 2005;
- “Financial Capability in the UK: Establishing a Baseline” published by the FSA, 2006, in www.fsa.gov.uk;
- EU Green Paper on Retail Financial Services in the Single Market, published by the European Commission, 2007;
- “A single market for 21st century Europe” published by the European Commission, 2007;
- European Commission Communication on Financial Education, COM(2007)808 of 18 December 2007, in http://ec.europa.eu/internal_market/finservices-retail/capability/index_en.htm;
- “Financial Education: changing to second gear – envisioning the way ahead” published by the FIN-USE (EU Commission Expert Forum of Financial Services Users), 2008;
- “Briefing Notes On Consumer Financial Education” by the European Parliament, Policy Department Economic and Scientific policy, Committee on Internal Market and Consumer Protection (IMCO), 2008;

- “Pensions at a glance 2007”, OECD 2007
- “The handbook of Western European Pensions Politics” by Immergut, Anderson and Schultze, 2007.